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# NORTH CAROLINA DEPARTMENT OF INSURANCE

## The Biennial Report

JANUARY 1985 — DECEMBER 1986

**JIM LONG**  

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**COMMISSIONER**



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DEPARTMENT OF INSURANCE

State of North Carolina

P. O. BOX 26367

RALEIGH, N. C. 27611

JAMES E. LONG

(919) 733-7343

COMMISSIONER OF INSURANCE

Dear Members of the 1987 Session  
of the North Carolina General Assembly:

North Carolina law requires that the Commissioner of Insurance make a biennial report to you as to the activities of Your Insurance Department. I am pleased to present to you the first such report since 1973.

There has been much discussion in these last two years about insurance and the General Assembly has been very involved in the debate. This report is to bring you up to date on the activities of Your Insurance Department on responding to the changes on the market place for both the availability and affordability of needed insurance coverage.

It is due to the assistance and support of the North Carolina General Assembly that we, in the Department, have been able to upgrade our staff and procedures to respond to the needs of our citizens not only for better assurances for the insurance they buy, but for the other areas we serve for the health and safety of all North Carolinians.

We appreciate the support you have demonstrated to Your Insurance Department for the past two years and look forward to working with you in the years ahead.

Very truly yours,

A handwritten signature in cursive script that reads "Jim".

Jim Long

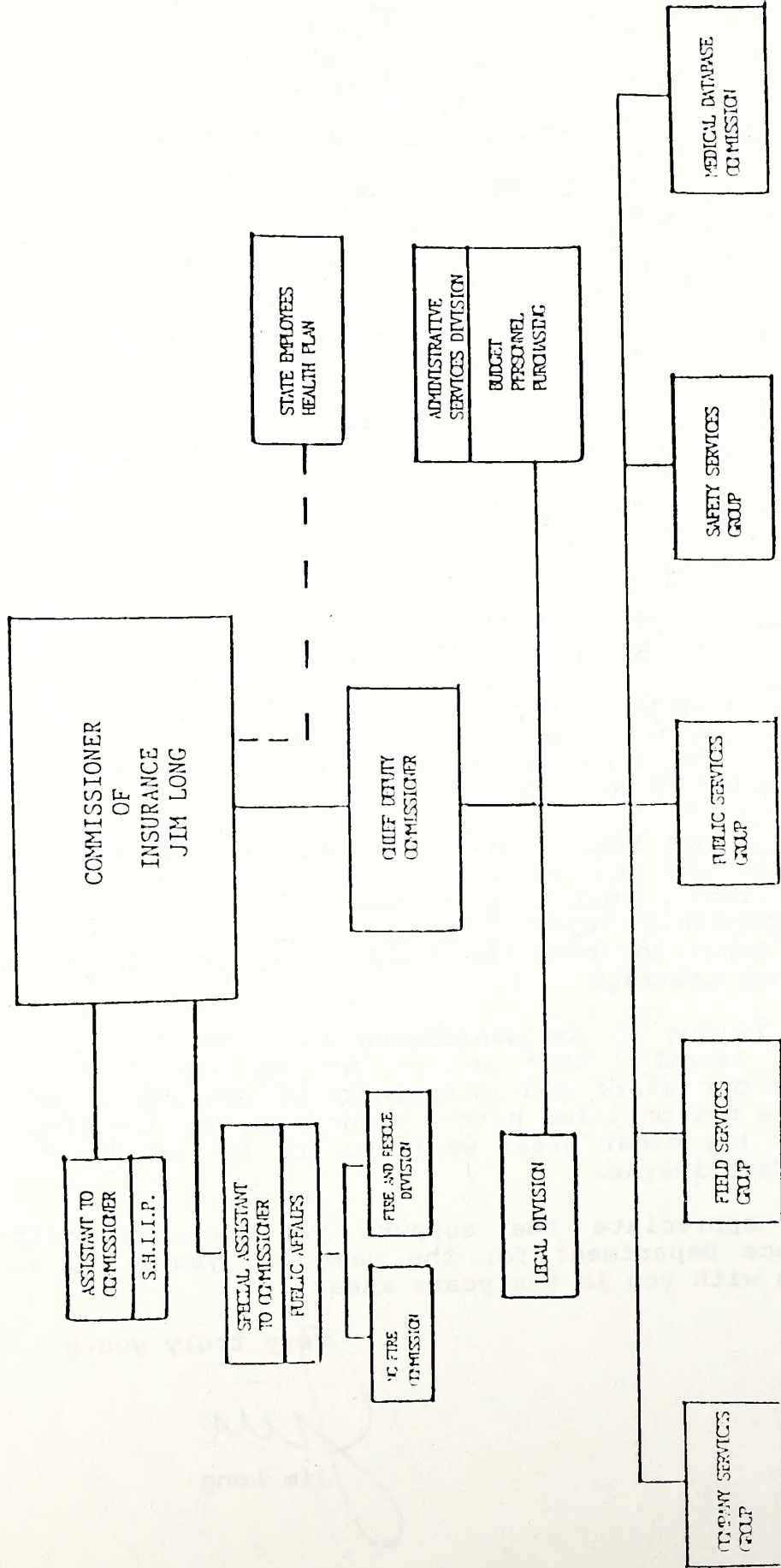
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# THE NORTH CAROLINA DEPARTMENT OF INSURANCE

1987



JIM LONG  
COMMISSIONER



## ADMINISTRATION



## ADMINISTRATION

Personnel-In early 1985, the Department formalized a personnel system including Affirmative Action and Minority recruitment. Authorized Departmental personnel has grown from 199 to 320 in two years due in part to staffing needs, in part to Property and Casualty functions being added to the Department of Insurance: Self Funded Workers Compensation; Public Officers and Employees Liability Commissions; Fire Commission; Medical Data Base Commission and Minority Staff growth has meant the hiring of 105 new employees with the attendant (re)writing of nearly 150 job descriptions. Have also formalized in-house managerial courses and other career enhancement courses; first production of an employee handbook adopting formal personnel and administrative policies. Current efforts include providing better career paths (growth potential) for skilled and technical employees.

Budget and Purchasing-The first purchasing office function was formalized with prescribed procedures consistent with state government. A previously badly maintained fixed asset system was vastly improved. The Insurance Department's cash management procedures was to assure more timely deposits as well as stricter compliance with state's cash management requirements.

### Information Systems

During Commissioner Long's first two years in office, the Department of Insurance has developed an in-house data processing capability and implemented a comprehensive office automation system. The transition has been particularly smooth with regard to the speed of acquisition, installation, and training; thus maximizing productivity gains. The number of terminals has increased from 85 in 1985 to 140 by the end of 1986. Employees are provided with word processing ability, electronic mail, electronic filing, and database management support. The system is coupled with the IBM mainframe in the State Computer Center. As the work volume continues to grow, the staff remains committed to meeting the challenge of maximizing efficiency while maintaining consistent and high quality service. Automation is one of the key tools to accomplishing this goal.

Medical Data Base Commission-Despite being an Independent Commission, the Department of Insurance has budgetary and reporting responsibilities for this Commission. Since its enactment in July of 1985, Executive Director and Assistant Director have been hired. With substantial input from health care provider and business communities, Regulations for commission's operation have been published. A Request For Proposal for the data processing contract has been drafted and is expected to be out by the end of 1986 with contract to be out April 1 and operations to begin by July 1, 1987.



### Major Decisions

The following is a list of major decisions affecting Auto Insurance during the past two years:

1985-Private passenger nonfleet auto rate filings (statewide) were made by the Bureau and Facility at the end of 1984 and were carried over for action under Commissioner Long when he took office. A 6% reduction in physical damage rates with a 4.4% increase in liability rates was approved after review, as a compromise of the Bureau request for an increase of approximately 11% for liability. The Reinsurance Facility rate request was approved as filed.

A second pair of filings was made in July of 1985, to be effective in 1986. Following a three week hearing and review of a second pair of filings made on the same subject, a consent order was entered granting a 10.4% increase overall and a 15.3% increase for the Facility as compared with 20% requested.

No other private passenger nonfleet filings for rate level revisions were made in 1985.

1986-Two agent hearings were held during 1986. One was concerning the license to sell insurance by a property and casualty insurance agent and resulted in a proposal for decision to revoke license. The other was a case of first impression that arose as an appeal from a decision of the Facility Board of Governors, dealing with the designated agents program provided for by the Facility law. In this matter a proposal was entered affirming the action taken by the Board of Governors.

Other actions undertaken included the following:

Medical Malpractice Study Commission. This resulted in considerable research and review concerning tort law and insurance in this state, and led to the Medical Malpractice Closed Claim Survey being undertaken by the Department on its own motion to provide reliable data concerning possible effects of proposed tort changes on insurance in North Carolina.

Additionally, outside counsel and consultants were retained to review the private passenger nonfleet auto rate filings made in 1986.

A third area that required extensive time, were the many meetings held within the Department to formulate responses needed by the Property and Casualty Insurance Study Commission in its efforts to recodify the insurance laws for these lines, especially as they

relate to auto rate filings and needed changes in the Safe Driver Insurance Plan.

An unrelated matter included (in early 1985) the effort to recover departmental records, including assistance from the SBI in an intensive investigation of the episode. Some of the recovered documents pertained to hearings from the preceding administration which has carried over to the new Commissioner. In one case, an order could not be issued until the file was reconstructed, at which time it was possible to close the case routinely. Additionally, several checks were also recovered. Checks which had been sent to the Department, but never deposited.

The Department responds to inquiries from the public and industry on a routine basis and the hundreds of phone calls cannot be chronicled. Finally, the Commissioner serves by statute on the Board of the Reinsurance Facility. Several such meetings occur each year in addition to special call meetings dealing with as hoc issues.





## ADMINISTRATION

### PERSONNEL OFFICE

The Department of Insurance did not have a formal Personnel Office prior to January, 1985. Since that time an office has been established, and practices and procedures mandated by the General Assembly and the Office of State Personnel have been implemented. In addition the Department has established sound personnel management practices throughout the agency.

Among the new procedures that have been implemented are a grievance policy, disciplinary policies, a job posting policy, and Affirmative Action policy, a Reduction-In-Force Policy, Secondary Employment and Conflict of Interest policies, a sexual harassment policy, a policy on political activity, a promotional policy, leave policy, performance reviews, merit pay, overtime, and other related personnel policies.

In addition to establishing policies, the Department is practicing sound personnel management practices in other areas. New employees are given an extensive orientation to the Department and to state government. Supervisors are given management training. The personnel office has studied virtually every position in the Department to examine its classification level for correctness of pay and took corrective action. The department's management has re-organized a number of Divisions to ensure better delivery of service. The Department has begun participation in the State Employees' Assistance program. The Department's Insurance Committee has reviewed the insurance options open to employees and selected several additional policies which employees can choose. The Department's Employee Relations Committee has been revitalized and given a larger role in the Department, and its work has been cited by a State Personnel study on the subject. The Personnel Office is also working on a number of additional activities and its staff is assisting the Office of State Personnel in several areas, including the Pay System Task Force.





## ADMINISTRATION

### INFORMATION SYSTEMS DIVISION (COMPUTERIZATION)

Prior to 1985, the Department of Insurance severely lagged behind private industry and the rest of state government in the areas of information processing technology. There were but a few stand alone word processors, most of which used outdated technology. The Department's mag card typewriters were so old that the manufacturer had dropped maintenance coverage. What few video-type word processors were in place did not communicate with each other or any other larger system. The telephones were of the old rotary dial type, and calls were routed through a central switchboard serving large numbers of people then transferred to the proper number.

During Commissioner Long's first two years in office the Department of Insurance has developed an in-house data processing capability and implemented a comprehensive office automation system, including an insurance company financial analysis system. The transition to automation has been particularly smooth with regard to the speed of acquisition, installation, and training; thus maximizing productivity gains. The system is compatible with the State Computer Center IBM mainframe, the rest of the state government Data General network, and the National Association of Insurance Commissioners systems.

In 1985 the Agent Services Division converted all manual license records to computer on the State Computer Center IBM mainframe. This same year the Consumer Division began to operate an on-line complaint tracking and analysis system on the State Computer Center.

In early 1985 all rotary dial telephones in the Department were replaced with touch tone sets, and the Department's telephone numbers were reassigned to provide a more decentralized switchboard operation, thus allowing easier public access to Departmental employees. Subsequent to the touch tone conversion, a modern digital telephone system was installed in the Consumer Division, the Department's most telephone-intensive work area.

In 1985 the Department purchased a centralized office automaton system with terminals for 85 employees which provides word processing, electronic mail, electronic filing, and database management support. Since that time the number of terminals on this system has expanded to 140 requiring the central processor to be upgraded in November 1986. The system is compatible and electronically linked with five other similar systems in state government departments, including the Department of Administration and the State Budget Office, the Department of Crime Control & Public Safety, allowing inter-departmental sending and receiving of



electronic mail. The system is also coupled with the IBM mainframe in the State Computer Center, allowing any terminal to become an IBM terminal. The Engineering Division, after moving from the Dobbs Building in the fall of 1985, also required office automation support and in 1986 the Department purchased a smaller version of this computer for the remote location. It too is linked into the state government network.

In the fall of 1985 for the first time the Department participated in the five year data processing planning process of state government, which is coordinated by the State Information Processing Services division of the Department of Administration.

One other major application shares the system resources of the Department's in-house computer -- the insurance company financial solvency system. Scheduled for phase one implementation in early 1987, this system uses machine readable scannable documents to receive financial reports from insurance companies. After reading in the information, the system produces reports concerning the companies' financial health and quickly points the way for more in depth scrutiny by Departmental examiners. Phases two and three will see the further development and refinement of the in-house portion of this system over the next two years, as well as the implementation of a automated audit capacity for the Department's field examiners using laptop portable microcomputers hooked into the main system in Raleigh through phone lines. The Department currently has a small number of battery operated portable microcomputers which give managers the ability to call into the main system from wherever they may be travelling.

Plans for the future in the information systems area are diverse. One goal is to automate the filing tracking systems of the Fire and Casualty, and Life, Accident and Health divisions. The Medical Database Commission is currently in the process of bidding a large data processing contract to track hospital patient charges. This will be a major effort at analyzing health care patterns and will involve data entering the discharge records of every hospital patient in the State. The State Fire Commission is investigating the best methods available for collecting and analyzing the uniform fire reports submitted by local fire departments for every fire call in the State.

As the volume of work in the Department continues to grow in size and diversity, the staff remains committed to meeting the challenge of maximizing efficiency while maintaining a consistently high quality of service. In all areas, this is best accomplished by giving employees the tools to do their jobs better and faster. Automation is one of the tools that will continue to be crucial to accomplishing this goal.



## ADMINISTRATION

### LEGAL DIVISION

#### COMMERCIAL PROPERTY AND LIABILITY INSURANCE AVAILABILITY

On September 3, 1985, the Commissioner issued Bulletin Number 85-L-2, which set out requirements for reports from each insurer upon the cessation of writing commercial property and liability insurance through a North Carolina agency.

On December 6, 1985, the Commissioner issued Bulletin Number 85-L-6, which advised insurers doing business in North Carolina that the Commissioner would consider certain policy cancellations, coverage reductions, and premium increases to be unfair trade practices; advised insurers that certain withdrawals from geographic areas and terminations of entire lines of business would be considered unfair trade practices; reminded insurers of their obligations to include supporting data with rate and policy form filings; advised insurers of his interpretation of the law requiring a minimum of 15 days advance notice to policyholders of coverage changes to extend to cancellations and nonrenewals; and requested 45 days' advance notice to policyholders of such changes.

On April 1, 1986, with the cooperation of insurance companies and agents, the Department established a Market Assistance Plan (MAP). The MAP served as a vehicle for placing hard-to-get commercial insurance with insurers who were still willing to write those kinds of insurance. The North Carolina MAP was the most successful program in the United States. As of December 31, 1986, 2,040 inquiries had been made and, according to MAP records, only four risks could not be placed, which indicates a 99.8% success ratio.

#### LEGISLATION

The Commissioner and the Department staff worked extensively with the House and Senate Insurance Committees, other members of the General Assembly, the Insurance Regulation Study Commission, the Property and Liability Insurance Markets Study Commission, and the legislative staff in developing legislation to improve the regulation of the insurance industry. More specifically, legislation was enacted to better monitor insurance company solvency, to provide more safeguards to policyholders, and to alleviate problems in commercial insurance availability.

#### AUTOMOBILE INSURANCE RATES

Private passenger automobile insurance rate filings (statewide) were made by the N. C. Rate Bureau and N. C. Motor Vehicle Reinsurance Facility at the end of 1984 and were carried over for action in 1985. A 6% reduction in physical damage rates with a



4.4% increase in liability rates were approved after review, as a compromise of the Bureau request for an increase of approximately 11% for liability rates. The Reinsurance Facility rate request was approved as filed.

A second pair of filings was made in July of 1985, to be effective in 1986. Following a three week hearing and review of a third pair of filings made on the same subject, a consent order was entered granting a 10.4% overall increase for the Bureau which, was one-half of what was requested, and a 15.3% increase for the Facility, as compared with the 20% requested.

#### MEDICAL MALPRACTICE STUDY

The Commissioner served on the Medical Malpractice Study Commission. This resulted in considerable research and review concerning tort law and insurance in this State. This led to the Medical Malpractice Closed Claim Survey being undertaken by the Department on its own motion, the purpose of which is to provide reliable data concerning possible effects of proposed tort law changes on insurance in North Carolina.

#### BALDWIN-UNITED REHABILITATION

National Investors Life Insurance Company, domiciled in Arkansas, and University Life Insurance Company, domiciled in Indiana, insured over 140 million dollars in annuities, which were sold through securities brokers to individuals and employers as retirement investments. At the time of the financial impairment of these two (of several) Baldwin-United Corporation affiliated companies, over 200 million dollars in deposits and accrued interest were owing to North Carolina residents. The NC Life & Accident and Health Guaranty Association had contested responsibility for honoring these contracts. After litigation and extensive negotiations, the Commissioner was able to arrive at a compromise with the Guaranty Association that protected the deposits and accrued interest of the annuitants and provided that the Guaranty Association would assume ultimate liability for these contracts if these companies are unable to resume normal operations and function as licensed insurers in North Carolina.

#### SUBROGATION

Pilot Life Insurance Company had contested the regulations of the Department that prohibited subrogation by group health insurance policies for benefits paid to covered individuals who were reimbursed for these same expenses by payments from persons who were responsible for the injuries covered by the group health insurer. After a decision of the Wake County Superior Court that, upheld the right of the company to use such a provision, the matter was appealed by the former administration. Commissioner Long was



able to settle the matter and avoid the payment of attorneys fees, which were also awarded by the trial court, by agreeing to look into the matter of adopting reasonable subrogation regulations that would protect the rights of employers, those covered under group health insurance policies, and health insurers that are considering reasonable and effective cost containment mechanisms.

#### MORTGAGE REDEMPTION INSURANCE

As opposed to credit life insurance, this line covers the obligations of mortgagors who borrow for periods in excess of ten years. Because of the tendencies in this industry to arbitrarily place and discontinue this coverage, many times with disregard for the interests of those covered under group policies issued to lenders and under individual policies that were paid for along with mortgage payments, it was necessary to discuss these problems with the large insurers that provided the bulk of this coverage. The Commissioner determined methods of sale and replacement that would adequately disclose important information needed by those covered under existing contracts so that their coverages would not be jeopardized by replacements with other coverages that were not as beneficial or not penalized the borrower in any way. Bulletin Number 85-L-4 was developed and forwarded to all companies, which outlined the procedures to be used in taking over or consolidating such coverages appears to be very effective in protecting the interests of such insureds.

#### CREDIT CARD FACILITIES

A large national banking organization, Citicorp, operating through the CHOICE credit card system, contested the prohibition of G.S. 58-61.2 against soliciting insurance through the use of credit card facilities. Suit was filed, which was successfully defended by the Commissioner.

#### CHEMICAL DEPENDENCY COVERAGE

The Department is continuing to monitor the activities of insurers in offering chemical dependency coverage to employers as required by G.S. 58-251.8 and G.S. 57-7.3, in order that the Commissioner may be able to fulfill his statutory obligation to report to the General Assembly in April of 1987.

#### HEALTH MAINTENANCE ORGANIZATIONS (HMO'S)

There has been much activity in the regulation of HMO'S with respect to their initial licensure as well as their applications for expansion into other service areas. A Department HMO Committee has been created to review and analyze such arrangements for recommendations to the Commissioner. This involves the participation of two attorneys from the Legal Division, the Company



Admissions Officer and a policy and rate analyst from the Life, Accident and Health Division.

One HMO, CAREolina Health Plan of Concord, North Carolina, which insured a large segment of the employees of Cannon Mills, became financially impaired in October of 1986. Because of the quick action of the Commissioner in taking over the HMO and seeking replacement coverage, which was provided by the Personal Care Plan of Blue Cross Blue Shield of North Carolina, no employee was adversely affected with respect to continuance of coverage and payment of claims. This event has led to the development of increased and stricter requirements for HMO's by the Department's HMO Committee.

#### NEWBORN HEALTH INSURANCE COVERAGE

Efforts are continuing with respect to aiding individuals born with congenital birth defects, such as cleft lip and cleft palate, for which health insurance coverage is required by GS 58-251.4.

#### ADMINISTRATIVE RULES

The Department has adopted some significant rules during the last two years. They are:

1. Replacement regulations for life insurance.
2. Rules implementing G.S.58-7.5, which authorizes the Commissioner to select a bank or trust company as master trustee to hold cash or securities pledged to the State when deposited with him pursuant to statute. The rules establish the manner in which the master trust shall operate.
3. Rules governing the operation of the Medical Database Commission have been drafted and a hearing has been scheduled.
4. Annuity mortality tables
5. Motor Clubs: salesmen to be licensed as insurance agents
6. Surety bondsmen licensing procedures
7. Premium Finance Companies: return of premium; notice of cancellation; additional balances added to agreement after 60 days.
8. Fire and Rescue: initial certification of fire departments
9. Surplus Lines: amendments to comply with the requirements of Article 36 of General Statute Chapter 58.
10. Agents' Licensing: bond forms for accident and health agents; bond form for agents and general agents; termination of agent writing automobile insurance; Form A-1; Form A-2; licenses; schedule of examinations; licenses, general provisions adding ocean marine insurance as a recognized line; deletion of licensing of resident



agents and adjusters to eliminate bond requirements for accident, health and hospitalization agents and new agents of this State; resident broker's bond chanced to \$5,000 with a \$10,000 aggregate limit; clarification of requirements for licensing of motor vehicle damage appraisers; procedures for temporary license; new cancellation form titled "North Carolina Department of Insurance Notice of Cancellation; elimination of requirement that cancellation forms be alphabetized when submitted by the company; rule stating that an agent or adjusters license may be denied if the individual willfully fails to comply with or violates the rules or orders of the Commissioner; requirements that applicants convicted of crimes furnish an affidavit and when applicable a statement from a probation officer; adds Surplus Lines as a type of examination.

11. Consumer Division: Market Conduct Division moved to Company Operations; sets out specifically the date from which unearned premium refunds shall be calculated in case of cancellation of automobile liability and physical damage insurance; sets a percentage of damage on a vehicle at which the owner would have the option of having damage classified as a total loss; prohibiting withdrawing or reducing a settlement offered by an adjuster based upon the intent of the injured party to seek legal counsel.
12. Loans and Student Loans: insurance carrier as lender, requires form that states that purchase of insurance from a particular lender cannot be a condition of the loan; requires furnishing of certain information to consumer where a life insurer associates a possibility of a student loan with the sale of any of its products.
13. Life, Accident and Health: mass marketing solicitation through the mail requires application; rule to require stamp on the face of certain life policies that reads GRADED DEATH BENEFITS; agent's certification no longer necessary on mail order applications; coordination of benefits conforming more closely with the NAIC Model; rule allowing insurance on automobile leases; rule allowing credit insurance to be written for longer than 10 years; specific requirements for cancer policy forms; major medical policies will cover temporomandibular joint dysfunction; requiring sticker reading EXCESS COVERAGE on the face of certain accident and health policies that have a non-duplication of coverage provision.
14. Bail Bondsmen: rule stating that real estate will no longer be accepted as security under G.S. 85C-30, which describes the financial responsibility of professional bondsmen.
15. Agents Licensing: rules to set out Departmental standards for agents pre-licensing educational program.



16. Self-Insured Worker's Compensation Rules have been published for hearing and the hearing has been held, but no final action has been taken.
17. Fire and Casualty: additional information required to constitute a proper rate or form filing has gone to hearing, but no final action has been taken.

#### RULES REVISIONS

Department Counsel in charge of APA has undertaken a revision of the existing rules based on a review of the report submitted to the Administrative Rules Review Commission. This process, which is well under way, is expected to be completed by July of 1987.

#### PREFERRED PROVIDER ORGANIZATIONS (PPO'S)

The Department is currently in the process of drafting rules that will set out requirements for the proper registration for PPO's that do business in North Carolina.

#### INSURANCE COMPANY INSOLVENCIES

##### Ancillary Receiverships Established for Foreign Companies:

1. Ideal Mutual Insurance Company - Domiciled in New York  
Date of Insolvency Dec. 26, 1984 A.R. February 5, 1985
2. Transit Casualty Company - Domiciled in Missouri  
Date of Insolvency Dec. 3, 1985 A.R. August 1, 1986
3. Mission Insurance Company - Domiciled in California  
Date of Insolvency October 31, 1985 A.R. August 1, 1986
4. Midland Insurance Company - Domiciled in New York  
Date of Insolvency April 3, 1986 A.R. August 1, 1986
5. Great Global Assurance Company - Domiciled in Arizona  
Date of Insolvency February 7, 1986 A.R. August 1, 1986
6. Carriers Insurance Company - Domiciled in Iowa  
Date of Insolvency January 16, 1986 A.R. August 1, 1986
7. American Druggists' Insurance Company - Domiciled in Ohio  
Date of Insolvency April 30, 1986 A.R. August 1, 1986
8. Iowa National Mutual Insurance Company - Domiciled in Iowa  
Date of Insolvency October 9, 1985 A.R. October 18, 1986
9. Commercial Standard Insurance Company - Domiciled in Texas  
Date of Insolvency January 16, 1985 A.R. February 25, 1986

10. American Fidelity Fire Ins. Co. - Domiciled in New York  
Date of Insolvency A.R. October 18, 1986

11. Eastern Indemnity Co. of Maryland - Domiciled in Maryland  
Date of Insolvency January 28, 1985 A.R. Feb. 18, 1985

#### Ancillary Receiverships Terminated

1. Empire Mutual Insurance Company - Domiciled in New York  
Date of Insolvency Sept. 1977 A.R. established Oct. 10, 1977  
A.R. terminated June 3, 1986
2. Security Casualty Company - Domiciled in Illinois  
Date of Insolvency Dec. 4, 1981 A.R. established Jan. 12, 1982  
A.R. terminated May 16, 1985
3. Proprietors Insurance Company - Domiciled in Ohio  
Date of Insolvency Aug. 5, 1981 A.R. established Sept. 4, 1981  
A.R. terminated June 3, 1986

#### FARMOWNERS' INSURANCE RATES

Filing for revised Farmowner Dwelling Insurance Rates Dated October 3, 1983. Court of Appeals overturned an order entered by the prior Commissioner of Insurance and remanded filing to Commissioner Long for order in compliance with the Court of Appeals opinion, which resulted in the approval of the filing in the amount of 25%.

#### WORKERS' COMPENSATION INSURANCE RATES

A filing for revised workers' compensation insurance rates, dated September 2, 1986, was settled by consent and provided for an overall increase of 5.8%, which was comparable to the legislative mandate changes in benefits and the fee schedule. The original request was for a 12.8% increase.

A filing for revised workers' compensation insurance rates dated September 1, 1985, was settled by consent. The original filing proposed a 12.9% increase and was settled for a 7.5% increase.

#### INSURANCE COMPANY MERGERS

Order, dated 9 April 1985, approving the Plan of Merger between Northwestern Security Life Insurance Company and Northwestern Security Life Insurance Company of North Carolina.

Order, dated 24 April 1985, approving the Plan of Consolidation whereby all the insurance in force of Winston Mutual Life Insurance Company was reinsured by Golden State Life Insurance Company.



Order, dated 27 June 1985, approving the Plan of Merger between Home Security Life Insurance Company and Peoples Life Insurance Company, Washington, D.C.

Order, dated 7 November 1985, approving the Plan of Merger between Wilshire Insurance Company, a California corporation, and Wilshire Insurance Company, a North Carolina corporation.

Order, dated 23 September 1986, approving the Plan of Merger between Jefferson Standard Life Insurance Company and Pilot Life Insurance Company.

HEARINGS INVOLVING THE CANCELLATION OF AUTOMOBILE LIABILITY  
INSURANCE POLICIES

Order, dated 12 March 1985, approving the cancellation by Great American Insurance Company of policy # SD 6889114 issued to Sherrie S. Albertson.

Order, dated 15 May 1985, approving the refusal to renew by Great American Insurance Company of policy # SD 8104985 issued to Lloyd Alton Bass.

Order, dated 3 June 1985, approving the cancellation by Pennsylvania National Mutual Insurance Company of policy # 100-521288 issued to Lynda Johnson Moore.

Order, dated 8 July 1985, disapproving the cancellation by Great American Insurance Companies of policy # 6250996 issued to Roy Lee Bullock.

Order, dated 3 December 1985, approving the cancellation by Interstate Casualty Insurance Company of policy # PA 63712 issued to Carolyn Ann McRae.

Order, dated 3 December 1985, approving the cancellation by Allstate Insurance Company of policy #035 352154 04/01 issued to Curtis D. and Glenda L. Young.

Order, dated 19 March 1986, approving the cancellation by Universal Insurance Company of policy # 320035494 issued to Lisa M. Gentry.

Order, dated 1 August 1986, approving the cancellation by Integon General Insurance Corporation of policy # SAN 1713647 issued to Scott V. Adams.



#### PREPAID LEGAL SERVICES PLANS

The Commissioner determined the following prepaid legal services plans to be non-insurance:

Professional Legal Services, Inc., by letter dated 7 March 1985.

Nationwide Legal Services, Inc., by letter dated 25 April 1985.

LAWPHONE, by letter dated 30 September 1985.

Don Caldwell Corporation Prepaid Legal Services Plans, by letter dated 6 December 1985.

Group Legal Services, Inc., by letter dated 5 August 1986.

The following plan was determined to be insurance:

Pre-Paid Legal Services, Inc., by letter dated 28 May 1985.

#### INSURANCE PREMIUM TAXES

The Department provided assistance and statistical information to the Premium Tax Study Committee.

The Department was actively involved in the revision of G.S. 105-228.5, the insurance premium tax statute, during the 1986 Regular Session of the 1985 General Assembly.

The Legal Division conducted the background and preparatory work for the filing of responsive pleadings by the Office of the Attorney General in the lawsuits filed by out-of-state insurance companies against the Commissioner, challenging the constitutionality of the North Carolina insurance premium tax statute.



## NC MEDICAL DATABASE COMMISSION

### HIGHLIGHTS OF THE YEAR-END REPORT

The Commission's activities during the year-end report period were:

- \* Organization and Administration
- \* Rule Development
- \* Public Relations

### Organization and Administration

During the month following enactment of the legislation, the Commission's activities focused primarily on organizing the Commission and on establishing the administrative office. Subsequent to the month of





## NORTH CAROLINA MEDICAL DATABASE COMMISSION

### BACKGROUND

In July, 1985, the North Carolina General Assembly passed G.S.131E-210 through 213 establishing the North Carolina Medical Database Commission. The Commission is charged with developing a health care information base and serving as a clearing house for that information. The Commission and the database are founded on the belief that the ready availability of health care data will improve the decision-making processes about access to, price, and use of health care services. Once the database is established, data will be made available to interested parties in aggregate form to facilitate comparisons of price, utilization, and quality of health care services. The database will provide a quantitative base for understanding the delivery of services and for analyzing health policy issues in North Carolina. The database will initially contain hospital inpatient charge and utilization information and will be expanded to include information about other types of health care services, e.g., ambulatory care.

The Commission has nine members, who serve terms of three years but cannot serve more than two consecutive full three-year terms. The members are appointed by the General Assembly upon the recommendations from the Governor, the President of the Senate, and the Speaker of the House of Representatives. The actual composition of the Commission is two representatives from business, one physician, one hospital administrator, one representative from a commercial insurance company, one representative from Blue Cross and Blue Shield of North Carolina, one representative of State government, one nurse, and one health care provider. The Insurance Commissioner and the Secretary of Human Resources serve as ex-officio members.

The specific duties of the Commission are:

- (a) to develop a system for the collection and processing of data.
- (b) to verify the accuracy of the submitted
- (c) to prepare and issue reports

### HIGHLIGHTS OF THE BIENNIAL PERIOD

The Commission's activities to date can be grouped into three areas:

- \* Organization and Administration
- \* Base Development
- \* Public Relations

### Organization and Administration

During the months following enactment of the legislation, activities focused primarily on organizing the Commission and on establishing the administrative office. Subsequent to the General



Assembly's appointment of the Commission members, the first meeting was held on October 7, 1985. Members were sworn in and the chairman was elected. The Commission's immediate goals were to develop an operating budget, to establish a Business and Industry Advisory Committee, and to select staff.

Because of employer's concerns about rising health care costs, the business community supported the creation of the base Commission and demonstrated significant interest in the reports to be published. Recognizing the importance of input from the business community, the Commission established a Business and Advisory Committee. It consists of nine members with representatives from major employers, a commercial insurance company, the state medical society, and the State Employee's Health Plan.

The Commission conducted an extensive search for the Executive Director and Associate Director positions, screening over two hundred applications. After conducting interviews of the most qualified candidates for both positions, the Executive Director was selected and assumed the position in May. The Commission relegated the selection of the Associate Director to the Executive Director.

The Executive Director established the administrative office of the Commission. The Associate Director was hired. Office space was located; telephones were installed; and furniture and supplies were ordered.

Statewide health organizations have been implemented in sixteen other states and the Commission recognized the value of benefiting from their experience. The Executive Director visited Illinois, Iowa, Maryland, Massachusetts, and West Virginia. These visits provided information about (a) the structure of health organizations; (b) the collection process; (c) the various uses and kinds of reports published; (d) the technical and political obstacles to be overcome; and (e) the funding source(s) for operations. The reference materials collected from these other states assisted the Commission in establishing specific action plans.

#### Database Development

There are approximately 875,000 individuals discharged each year from North Carolina hospitals for which detailed patient specific data will be collected. A meeting was held with a group of hospital representatives to discuss the best source of collection, i.e., hospitals or third party payers. To assure a more accurate and complete base, the Commission decided to collect price and utilization from hospitals for every patient discharged, including those patients classified as self-pay or indigent. They are to be abstracted from the UB-82 claim form.



The Commission developed a detailed work plan identifying the tasks necessary to begin collecting hospital discharge for all discharges as of July 1, 1987. Three major tasks had to be accomplished: (1) development of administrative rules; (2) selection of a processing contractor; and (3) conducting provider workshops.

(1) Administrative Rules. As required by law, the Commission formulated its operating policies and translated them into administrative rules. Three committees, the Administrative Rules Committee, the Committee, and the Report Committee, were established to draft the proposed administrative rules for review and approval by the full Commission. Because the rules govern the complete range of Commission operations, i.e., collection, base administration and publication of reports, each committee was charged with developing a particular section of the rules. During these meetings, the Committees solicited input from the Business and Industry Advisory Committee, the North Carolina Hospital Association, and the Statewide UB-82 Committee. The proposed administrative rules were filed with the Office of Administrative Hearings in October and a public hearing was held in December. Because the final rules will affect a variety of parties, e.g., hospitals, researchers, insurance companies, the proposed rules were distributed to various individuals and organizations reflecting the broad spectrum of affected parties. These individuals and organizations reflecting the broad spectrum of affected parties. These individuals and organizations were encouraged to review and comment on the proposed rules at the public hearing.

The Commission did not want to establish reporting requirements that were unduly burdensome and expensive for hospitals. This philosophy carried over to the work of the various committees and resulted in submission rules which minimize the costs and the changes in hospital operations necessary for reporting compliance. This approach requires that the processing contractor assume additional responsibilities for processing and storage. As a result, the proposed rules reflect a balance between relatively easy submission by hospitals, efficient processing by the contractor, and administrative control by the Commission.

An introductory letter was sent to all hospitals required to report. The purpose of the letter was to inform them about the legislative mandate of the Commission and about the basic reporting requirements.

(2) Selection of Processing Contractor. Given the large volume of data to be collected, processed, and maintained in the base, the Commission had to identify a contractor and to acquire an automated system to support the Commission's effort to fulfill its legislative mandate. A request for proposal (RFP) was developed and distributed in December. Proposals were received and evaluated



during the first few months of 1987. It is anticipated that a contract will be awarded no later than April.

(3) Conducting Provider Workshops. Once the contract is awarded and the contractor has begun developing the automated system, workshops will be held across the state to provide technical assistance to hospitals.

### Public Relations

The Commission's Executive Director has accepted a number of invitations to speak about the Commission. These speaking engagements were used as opportunities to (a) increase public awareness of the Medical base Commission, (b) explain the specific functions of the Commission, and (d) begin marketing that which will be available. Some of the groups addressed include participants at a conference on Childhood Injury Prevention, the North Carolina Medical Records Association Executive Committee, EDS provider representatives, and participants at the Health Insurance Institute.

### SUMMARY

The activities of the Medical base Commission during the biennial period have related primarily to administration and base development. Since the appointment of the Commission members and the selection of staff, steady progress has been made towards implementing the statute. The Commission has accomplished the following:

- \* Established the administrative office;
- \* Proposed rules governing collection, base administration, and publication of reports;
- \* Issued a Request for Proposal to implement the system which will collect, progress, and produce information on hospital charges and utilization.

Hospitals will be submitting hospital inpatient for discharges as of July 1, 1987. Consistent with the intent of the legislation, the activities listed below are planned for the upcoming biennial period.

- \* Publication of reports about hospital inpatient charges and utilization;
- \* Refinement of the process of collecting from hospitals; and
- \* Initial development of collection from providers other than hospitals.

## PUBLIC SERVICES GROUP





## PUBLIC SERVICES GROUP

### CONSUMER SERVICES DIVISION

The Consumer Services Division has among its goals to respond to inquiries concerning insurance, to contact insurance companies for appropriate responses to certain consumer inquiries and complaints, to educate the public on insurance matters, and to conduct outreach programs through publications and public appearances. Detailed explanation as to these duties of the Consumer Services Division are set out later in this report.

The Consumer Services Division's trained staff goes into areas where there have been fire and natural disasters creating heavy losses involving insurance coverage. Such visits are coordinated with other state agencies by participating in the Disaster Aid Centers (DAC) in those particular areas. The largest DAC operation in which the Consumer Services has been involved, occurred in the fall of 1984 in the disastrous tornadoes that occurred in Eastern North Carolina. The latest emergency action occurred in the fall of 1985 with Hurricane Gloria where the Consumer Services Division participated in DAC centers from Ocracoke Island up to Manteo. A Consumer brochure on "How to Handle Insurance Claims in Emergency Situations" has been produced by the Department and is included in the packet of publications accompanying this report.

An additional duty of the Consumer Services Division is to work in coordination with the Investigation's Division of the Department in handling insurance agencies that are winding down business based upon the action of the Department as a result of violations of laws. The Consumer Services Division sends staff representatives to assure that consumers, who have their insurance coverages with these agencies, receive renewals, notifications and assistance in handling their insurance policies. The Division also contacts those consumers who might have suffered a loss of premium or loss of coverage as a result of an agent's actions to make sure that consumer's rights are preserved. Since 1985, the Consumer Services Division has been involved in at least seven distressed agencies, the latest incident occurring in October 1986 in Hickory, North Carolina.

#### Organization

The Consumer Services Division divides insurance inquiries and complaints into two areas: (1) Property and Casualty and Life; and (2) Life, Accident, and Health.

A Supervisor and seven Property and Casualty Insurance Specialists form a unit to deal with Property and Casualty complaints, while a Supervisor and five Life, Accident and Health Specialists are responsible for the other complaints. These personnel handle all



insurance complaints which are detailed, complicated or require contact with agents, adjusters or companies. Specialists establish both paper and computer files; research and investigate; communicate with consumers and other effected parties by telephone, correspondence and personal conferences; maintain records of activities; and ultimately assure conclusion of the question or complaint.

Three Communications Specialists and a Communications Specialist Supervisor receive most new telephone calls to the Division. These calls are routed to them by the central telephone operators. Communications Specialists answer basic questions about insurance and are generally responsible for determining the nature of the caller's problem when a complaint is involved.

When it appears that the complaint or inquiry is of such a nature that further investigation should be made by the Department, the Communications Specialist mails to the complaining consumer a Complaint Sheet Form. When returned, this is handled by an Insurance Specialist. The Insurance Specialists and the Communications Specialists are supported by Clerical staff.

#### IQCS Computer Program

Complaint and inquiry records and files are maintained in the Consumer Services Computer Program, IQCS, as a part of the State Information Processing Service. The use of this computerized system by Consumer allows detailed tracking of Consumer's workload. It also allows Consumer to quickly update and refer to open Consumer files through the use of computer terminals located at the desks of all Consumer personnel, both Specialists and the Clerical staff. This equipment allows almost instant response to inquiries by citizens and others concerning pending cases.

The Consumer Services program, IQCS, went on-line in February 1985. Much of the data which will follow in this report has been generated and compiled by the use of this system. The system allows us to analyze numbers of complaints, type of complaints, and companies against whom complaints are lodged. This data is compiled in a monthly report, an example which is attached. When files are entered into the computer system, a suspense date is assigned to the file so the matter will come up again to the attention of the Insurance Specialist entering the file within a few weeks in order to assure that the files are promptly and expeditiously handled.

#### Number of Complaints and Inquiries

The Consumer Services Division records total complaints and inquiries are reported on a calendar year basis; however,



information can also be obtained for varied time frames when required by management for special studies or analyses.

From the period of January 1, 1985, through December 31, 1986, 72,868 complaints and inquiries were received by the Consumer Services Division. This represents total transactions between consumers and staff of the Division. The 1985 total of complaints and inquiries was 34,641. Based upon experience from previous years, the Consumer Services Division receives the highest number of complaints and inquiries during the fall of each year.

Since January 1985, 31,960 files have been opened. A file is opened when the complainant or consumer's complaint involves a question of fact which necessitates receiving information from an outside source such as a company or an agent, or the complaint indicates conduct which may be unlawful or unethical.

In October of 1985, an emphasis change was made to encourage complaints to be in written form by and through the use of the Consumer Services Complaint Form. This procedure was adopted to reduce inaccurate and incomplete information of new files. The goal of improving the quality of initial information reduces delays in assessing complaints and in beginning necessary investigations.

#### Type of Complaints

Consistently throughout the recent history of the Consumer Services Division, the Property and Casualty insurance are 60 percent of the total received. The computer system includes a coding of "Reasons For Complaint". There are 17 specified reasons, and one "Other" category. Records are further classified to indicate which of 28 specific types of insurance coverages is involved in each complaint. Utilizing such coding, the Specialists and management analyze the type and nature of complaints.

By far, the greatest number of complaints involve automobile insurance. That is followed by complaints and inquiries as to individual life insurance, second largest, group health insurance, individual health insurance, and homeowner's insurance. Most inquiries which involve information request general explanations of insurance coverages without investigating a particular problem.

The "Reasons For Complaints", with one report showing the 1985 calendar year and the other report showing the 1986 calendar year through June 30 are attached as Exhibit B.

#### Disposition of Complaints

Final dispositions of complaints and inquiries are also divided among categories. There are 23 classifications including one classification noted as "Other".



Utilizing these figures and excluding those complaints and inquiries in which the Department of Insurance had no jurisdiction, those referred to other state agencies, those represented by attorney, and those that fail to provide additional information necessary to resolve the complaint; the reports indicate that we were helpful to about 60 per cent of the complaints submitted.

### Geographical

The location of complaints are included in records of the Consumer Services Division. Immediately following, the complaints and inquiries by county for the calendar year 1985 and for calendar year 1986 through June 30. There is a consistency between the population of a county and the number of complaints and inquiries from the county. The fact that the Consumer Services Division has two toll free watts lines for North Carolina citizens probably encourages and promotes a broad geographical utilization of the Consumer Services Division's services.

### Outreach Programs

The outreach program of the Consumer Services Division generally can be classified as two types. First, there is contact and communication by the Consumer Services Division with insurance organizations and groups. The Consumer Services Division meets on a regular quarterly basis with the North Carolina Claims Adjusters Association, the North Carolina Council of Claims Managers, the North Carolina Independent Agents, Carolinas Professional Agents, the North Carolina Underwriting Plan, and the North Carolina Insurance Women. The purpose of these quarterly meetings is to discuss concerns of the Department and of the industry about consumer matters. The meetings also allow a forum to announce and explain Department policies and decisions. Further, these insurance organizations bring to the attention of the Consumer Services Division some problems experienced either by the consumers or the industry regarding insurance matters. In addition to the regular quarterly meetings, there's active participation by the Consumer Services Division at annual meetings, seminars, and other special meetings of organizations such as the local county claims associations and other groups ranging from the North Carolina Academy of Trial Lawyers to the Carolina Independent Automobile Dealers Association.

The second type of outreach is that in which a Consumer Services representative meets with a group of consumers. For the most part, these groups tend to be organized, and the majority of these groups addressed by the Consumer Services Division tend to be senior citizens. Most of the presentations by the Consumer Services

Division to groups of consumers, generally fall in the area of life, accident, and health.

### Publications

As one of its goals, the Consumer Services Division educates the public on insurance needs. Part of this effort is the use of two types of insurance publications: (1) Publications which are written and produced by the Consumer Services Division; and (2) publications which are produced by other persons and are reviewed and adopted by the Consumer Services Division for distribution.

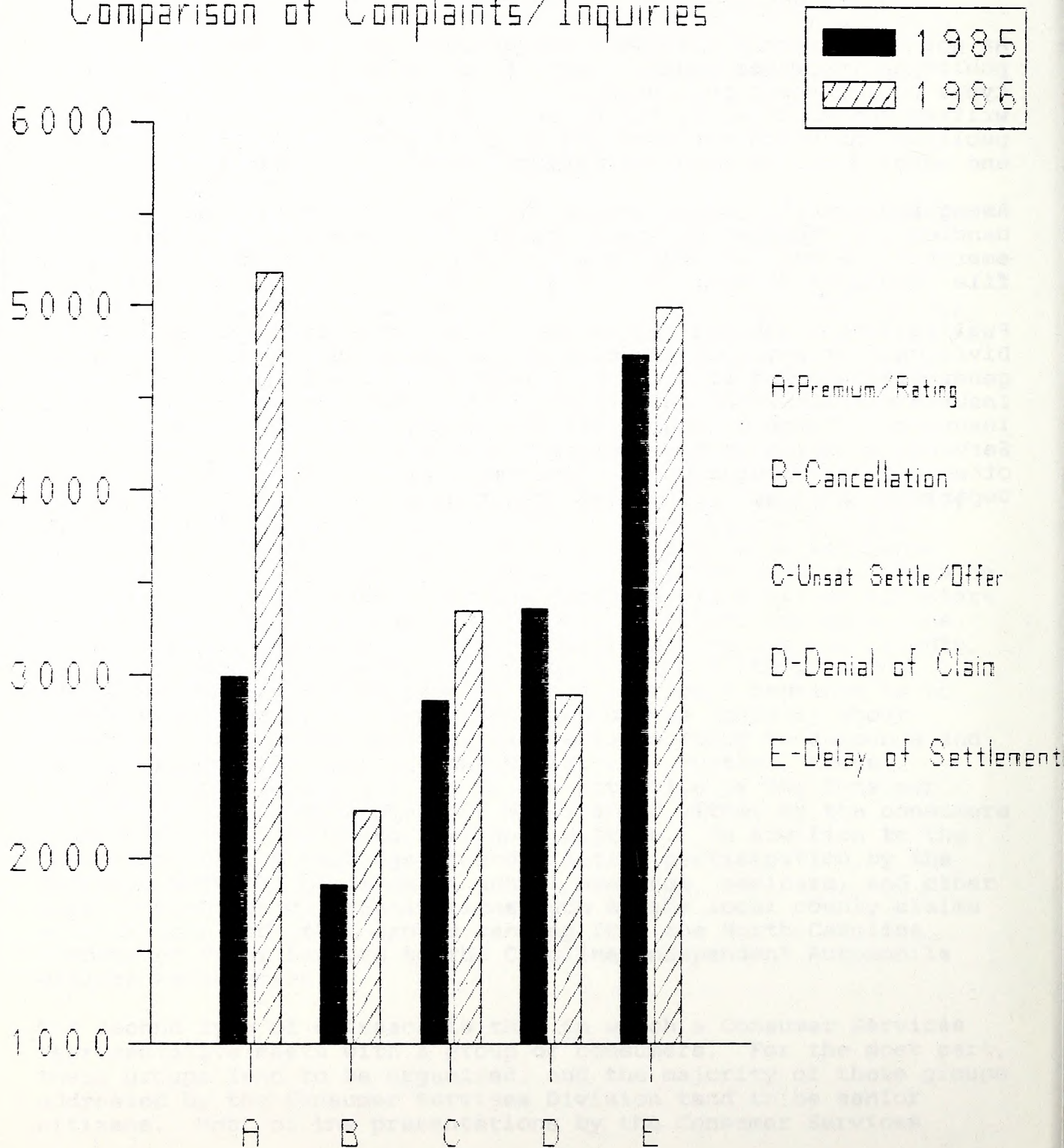
Among those publications prepared by the Division is a Medicare handbook, a brochure on how to handle insurance claims in times of emergency, a Medicare supplement handbook, and a handbook on how to file insurance claims.

Publications which are distributed to the Consumer Services Division, but were not produced or originated by the Division, are generally received from the Health Association of America, Insurance Information Institute, and the American Council of Life Insurance. These brochures are thoroughly analyzed by the Consumer Services Division before approval. Those publications produced by other and distributed by the Department are on file in the Department and can be provided upon request.



# CONSUMER SERVICES DIVISION

## Comparison of Complaints/Inquiries



Detailed description: The graph plots water temperature in degrees Celsius against the month of the year. The solid line (1996) starts at approximately 22°C in month 1, decreases to a minimum of about 12°C in month 6, rises to a peak of about 28°C in month 10, and ends at about 18°C in month 12. The dashed line (1997) starts at about 18°C in month 1, decreases to a minimum of about 10°C in month 6, rises to a peak of about 30°C in month 10, and ends at about 20°C in month 12. Both years show a similar seasonal pattern with a peak in late summer/early autumn and a minimum in mid-summer.

MONTH	1996 (°C)	1997 (°C)
1	22	18
2	18	12
3	15	15
4	22	12
5	18	10
6	12	10
7	18	12
8	15	15
9	14	12
10	28	30
11	12	10
12	18	20





## PUBLIC SERVICES GROUP

### AGENT SERVICES DIVISION

The Licensing Division (now Agent Services Division) of the North Carolina Department of Insurance and the agents' licensing and examinations program evolved from the Investigations Division of the Department of Insurance.

Licensing of agents and adjusters has been required by State law since the formation of the Department of Insurance in 1899. The first qualifications for agents and adjusters became law in 1913. The licensing of Brokers began in 1947 and Motor Vehicle Damage Appraisers in 1971.

Written examinations were first required in 1947. The examinations program was initiated when one of the Department's investigators, a long time employee, following a heart attack which prevented his traveling became involved. This employee was given the responsibility to write and administer the first examinations. Examinations were administered in Raleigh and Greenville and sent to this one investigator for grading by hand.

The licensing program as we know it today was initiated in 1958. Gradual evolution expanded the examining program to eleven fields of insurance, (Life, Accident and Health, Fire and Casualty, Auto Physical Damage, Company or Independent Adjuster, Hail Adjuster, Title, Hospital, Dental) with examinations administered in seven test centers spread across North Carolina.

The Division constantly reviewed and screened all applications for examinations; issued examination permits; administered agents' and adjusters' examinations; graded examinations; reported examination results to agents and sponsoring companies, re-administered examinations to failing candidates and processed license applications and issued licenses; annually renewed licenses for agents, adjusters, brokers, and appraisers; and maintained a file on each licensed individual. Permanent files were kept on each company containing information about their agents and company representatives. These files were updated daily by adding new agents who qualified for licenses and removed cards of agents whose licenses had been canceled. Also, a permanent company file was maintained containing information of renewal licenses, fees, and all correspondence concerning the company and its agents. The company file included the company's current home office mailing address and a list of company officials authorized to requisition and terminate licenses.

The Division sold and distributed study manuals for the Fire and Casualty and the Life, Accident and Health exams. Publications



concerning the North Carolina insurance laws were also sold by the Division.

The purpose of the Division in its early existence was to annually license every agent, adjuster, resident broker, and motor vehicle damage appraiser doing business in North Carolina in order to protect the citizens by assuring minimum initial competency and reviewing questionable agent practices. Non-resident brokers were licensed and regulated by the Division to assure review of persons doing business in North Carolina from outside of the State.

### Looking Back on Agent Services Division

Before the conversion to the computer system, the operations of the Licensing Division was considerably different. For each application received, the staff pulled the appropriate file folder to certify that the application was stamped with the date of issue, inserted in the file the necessary information and put the file back in place. The same procedures were performed for the resident brokers, non-resident brokers, and corporation licenses. For all new agents, brokers, corporations, etc., a new file was opened.

During this time, the Labor Department was printing all licenses; therefore, the receipt of each application processed had to be sent to the Labor Department to have licenses issued. At first licenses were printed two times a week. This was later reduced to once a week. Records were balanced on a weekly basis with the Labor Department; often a day or more was spent balancing reports. During this time, all licenses were held in our office until there were correct balances.

Under the current system, an application is received and the data entered into the computer on the same day. The license is printed the following working day and mailed to the Central Licensing Office of the company the same day. The applications are batch filed by date of issuance, thus eliminating the time-consuming individual filing.

Cancellation notices received from the company were stamped on the date received and sent to the Labor Department to be deleted from the system. When returned to the Insurance Department, three to four days later, the file had to be pulled to cancel the license. The cancellation notice was attached to the top of the A-2 form and placed in the back of the file.

The current procedure is to cancel a license on the computer the date that the cancellation notice is received and batch file the cancellation notices by the date received. Under the manual process, cancellation notices were sometimes backed up and not filed for four to six months; therefore, files were never current. With the present computer system, information is current each day.



Before conversion to the computer, all telephone inquiries, correspondence, updating of company files, and any other office duties could not be handled unless a file folder was pulled for every transaction. Because of the implementation of a computerized filing system, information is readily available giving the agent's full name, current address, examinations taken, types of licenses, and the licensing companies. It also reflects brokerage and bond information that may be on file. All companies licensed in the State, the current address of the company, and the lines of insurance that the company has been granted authority to write are on the computer files.

Before computerization, all certification/clearance letters were hand-typed and required pulling the agent/adjuster file, reading the file, and typing envelopes. This is now completed by inserting a small amount of information into the computer to print the certification/clearance letter. The printer prints the certification in a manner which allows inserting the letter in a window envelope and mailing the letter on the same day. This eliminates the continuous back-log of requests for certification/clearance letters.

All licenses for agents and adjusters are renewed once per year. Renewal time in the Licensing Division meant endless back-logs of unprocessed work. Under the old system companies would send in cancellation notices before the deadline in January by the thousands. Since these had to be cancelled at the Labor Department and also in the files in the Division's office, it was July or August before agents' licenses were cancelled and files reflected current information. The handling of any type of correspondence was nearly impossible because of searching through pending cancellation notices in order to respond.

### **The Conversion of Agent Services Division to the Computer System**

On April 1, 1984, the Division began the major task of conversion by entering data supplied from the file folders for all agents, adjusters, resident brokers, non-resident brokers, and motor vehicle damage appraisers which had been licensed since 1981. Staff worked long hours, sometimes until 10:00 at night and on Saturdays. Also, temporary workers were employed to assist us in these efforts.

When the conversion process began, the computer records were maintained in two different departments - the Insurance Department and the Labor Department. While the processing of agent information was conducted in the Department of Insurance, the printing of agent licenses was done on the Labor Department's computer. This more than doubled the incident of unnecessary data processing errors. To process cancellation of licenses and to meet the 1985 spring renewal deadline, it was necessary to bring in volunteer workers from



insurance companies and insurance agencies in Raleigh to do the processing.

During the period of conversion until August 1985, the time required for issuing an agent's license was an average of three to four weeks. Up to six weeks were needed for a home state certification because of the hand-typing of all certifications and clearance letters. Cancellation requests for termination of agents' licenses were back-logged as much as four to six months due to the volume of paper work and not having the sufficient staff to eliminate this type of work load.

### **The New Administration**

With Commissioner Long came many hours of hard work and interest of upgrading the Agent Services Division. Commissioner Long was directly responsible for creating several new positions for the Division. This enabled rapid completion of data entry. The office re-organized so that the work load could be completed faster and more efficiently. In August of 1985, Commissioner Long entered the last file into the computer system.

Necessary information is just a fingertip away. There are no more countless hours of filing licensing applications, cancellation forms or searching for file folders to find required information.

Under the direction of Commissioner Long and his staff, an advisory group was formed. The first industry group to provide advisory services to the Insurance Department consisted of an insurance agent, general agent, and home office personnel from computer sections of a life company's home office. These people were formed into a task force and during the first week of the new Administration spent a day observing the agent licensing process.

The task force then made recommendations which allowed the Department to better than double the speed with which the computer conversion process was taking place. By June, the computer conversion of most licensing records was completed and these records consisted of over 600,000 pieces of information about licensed agents, brokers, and adjusters doing business in the State of North Carolina. The data included information on more than 260,000 active or cancelled licenses; 90,000 examination results; 150,000 addresses concerning over 80,000 insurance people.

Among the new laws passed by the General Assembly during the 1985 session was House Bill 471 and House Bill 456. The Division began the task of evaluating the substantial changes in the laws. This included new regulations and necessary forms and requirements to implement the new Statutes.



In the midst of reorganization and coordination of the working functions of the Division, the renewal period approached. Committee coordinators were set up during November to begin the first cycle of renewals under the new computerized system. Instead of the company submitting a cancellation notice for each agent, which had been procedure in the past, the Division sent out a computer list of all current agents to the Central Licensing Offices of each insurance company. On this list were instructions to pencil through all agents they did not wish to renew, give the code for the reason of cancellation, and the signature of a company official authorized to terminate agents. The company was required to return the list by January 15, 1986. A check for the total amount of the agent terminated was submitted instead of a separate \$5 check for each cancellation and had been required in the past. The companies' positive responses to the listing was excellent and by January 20, 1986, all cancelled agents had been deleted from the computer. The system was ready to run the renewal licenses for all agents. Licenses were printed on January 22, 1986 by the State Information Processing Services, and a new invoicing system automatically printed the company invoices for the total number of agents to be renewed. On the same day a company's invoice and check were received, licenses were mailed. In the past it was the latter part of March before the licenses could be mailed to the company. Due to the new system and organization, renewals were completed in a matter of approximately six to eight weeks rather than four to six months. Resident brokers, non-resident brokers, corporation, self-employed adjusters, and motor vehicle damage appraisers were instructed to submit a renewal application by a certain date. After this date, all persons not renewing were cancelled on the computer in a very short time. This process reduced weeks of work to a matter of days.

#### Computerized Invoice System

With authority granted by the Legislature in its 1985 session, a new computer program was developed by January 1986 to allow companies to pay for agent licenses by quarterly billings. This reduced the countless number of small checks which were handled by both Department of Insurance and personnel. The program prints licenses in the Insurance Department. This allows all applications to be handled by Insurance Department personnel and removes the necessity for the delays caused by coordination with the Department of Labor. Data is input daily, with licenses being printed the next working day.

A control report, secured on the same day the licenses are printed, gives the number of each type license issued; number of duplicate licenses issued and the totals of each license cancelled. The two part report separates transactions to be billed the next quarter and the transactions received with money such as resident brokers, non-resident brokers, self-employed adjusters and motor vehicle damage appraisers.



The daily control report is reconciled for accuracy and any money received is then balanced and sent to the Budget Office on a daily deposit basis. An accounting technician reconciles weekly, monthly and quarterly reports.

Invoices are sent to the companies quarterly (April 1, July 1, October 1 and January 1). The invoice includes a listing of all transactions, (licenses issued, licenses cancelled and duplicate licenses) billed during the quarter for that company.

The new license printing program represented considerable costs savings as well. The Department of Insurance had been paying \$600 monthly to the Labor Department for license printing. These same licenses are now printed on a printer which itself cost only about \$3,000 and can be expected to be available, not only for this work, but for other work of the Division. Further, the incidence of errors because of multiple data entry has been reduced substantially.

#### Motor Club Licensing

On June 13, 1986, the Agent Services Division began the new licensing of motor club's. This is provided for under G. S. § 58-41.1 "Limited Licenses." Motor club membership sales agents do not have to take an examination; therefore, with the submission of the proper forms, the licenses are issued within 24 hours. The motor club companies are billed on a quarterly basis just as any other company and renewed in the same manner.

#### Surplus Lines Licenses

Effective July 1, 1985 these licensing responsibilities and activities were moved from the Fire and Casualty Division to the Agent Services Division.

Forms were redesigned to meet new specifications. Upon request from perspective Surplus Lines agents, a packet of forms and instructions is mailed.

A Surplus Lines agent license enables a current Fire and Casualty Broker to place business with an insurance company not licensed in North Carolina.

To be licensed as a Surplus Lines agent, the agent/broker would submit Form SL (application for license to represent a Surplus Lines insurer), a \$10,000 Surplus Lines bond with the power of attorney attached (Form B) and a license fee check for \$50.00 to cover the annual fee.

With the General Assembly passing Senate Bill 879, Chapter 928, pertaining to Surplus Lines agents in July, 1986, it brought a more uniform renewal for Surplus Lines agents. The renewal licenses are now issued with an effective date of September 1 of the current year with the expiration date of August 31 the following year.

Also, in July, 1986, the bond requirement was decreased from \$50,000 to \$10,000 with all Surplus Lines agents having to submit a new bond.

Senate Bill 879 also provided for the issuing of a Corporation License for Surplus Lines agents. In order to obtain a Corporation License, an individual must be licensed as a Surplus Lines agent. Every individual listed on the application for Corporation License must also be a licensed Surplus Lines agent.

The corporation must submit the proper application with a certified copy of the Certificate of Authority to transact business in the State of North Carolina issued by the Secretary of State's office and a license fee of \$25.00.

#### Pre-Licensing Education

Pre-Licensing Education of insurance agents is based on a law passed in the 1985 General Assembly. Effective July 1, 1986, each new life or Fire and Casualty agent must complete a minimum of 30 hours of approved education before being allowed to sit for licensing examinations.

In September 1985, a new position, Insurance Education Coordinator, was filled by promotion of one of the Division's Licensing Examiners to begin implementation of the program. Many hours were spent compiling information to create course outlines. In December 1985, task forces of educators and insurance personnel met with staff from the Department. Together they reviewed course content outlines, compiled administrative requirements, and created forms that would become integral parts of the Pre-Licensing Program. Important guidelines were established concerning instructors, proctors, courses, schools, program directors, and exemptions to the new law. Information meetings were held in various locations around North Carolina. The Pre-Licensing Education Program was discussed in detail. Opinions for possible improvements were offered at all meetings.

Once these meetings were completed, the program was finalized. Course content outlines emphasize general insurance principles, insurance policies and their provision, and legal requirements in North Carolina affecting both agent operations and contracts.



This education will be available to new agents seeking entry to the business from a number of sources such as community colleges, colleges or universities, insurance companies through classroom, correspondence schools, trade association classroom schools, and insurance agency schools. Administrative requirements and guidelines have been established for the schools through Regulations adopted under the Administrative Procedures Act.

In May 1985, the Division scheduled meetings to describe the new licensure exam procedures and coordination with the educational requirements. Most of the program centered on the "Candidate Guide," a pamphlet printed by the newly contracted testing service, Assessment Systems, Inc. This pamphlet contains forms, exam content outlines, and all the general information an application would need to schedule a life, health, and/or property and casualty exam. another portion of the program dealt with the 30 hour pre-licensing education requirement and the "Certificate of Pre-Licensing Course Completion" form.

### Examinations

It was the responsibility of the Agent Services Division to administer examinations for 13 types of licenses. These tests were given in seven different locations each month. They were administered by three staff examiners. It was the examiner's responsibility to administer and grade the exam. After the exams had been scored, the information was entered into the computer and again in the agent's file. A license was issued to each applicant with a passing score. For those who did not pass, a failure letter was mailed to his/her home address and a duplicate to the sponsoring company.

June 1986 marked the beginning of the end of the last month for this system. The number of exams given were usually high throughout the State at the exam site locations. Most noticeably, Charlotte and Raleigh led the attendance figures. The two exams held in Charlotte during June totaled 281 examinees. The four exams held in Raleigh during June totaled 785 examinees. In the case of Raleigh, 501 examinees attended the final day that exams under the old system. Three additional exam sites were needed to handle the volume of examinees.

A person seeking employment with an insurance company prior to June 30, 1986 could either (1) pass the State exam or (2) waive the exam by attending classes at a number of community colleges. During June, community colleges experienced substantial demand for classes. They responded admirably.

On July 1, 1986, the Assessment Systems, Inc. (ASI) of Philadelphia, Pennsylvania began a new examining system under contract to the State of North Carolina. ASI is a professional testing organization which develops and administers new agent licensure exams. By using their computer capability, the testing organization assembles a new examination every two weeks. The examinations are administered by proctors who have contracted with Assessment Systems, Inc.

Exams are given in all of the seven locations in North Carolina where the old exams were conducted the second and fourth Saturdays of each month.

Completed answer sheets are immediately returned to Philadelphia for machine grading. The results of the examination are then forwarded by computer tape to the Insurance Department for automatic entry into the Department's records. This results in substantial savings and prevents unnecessary duplication of data entry by staff of the Division. Also, it allows a continual up-grading to assure that the exams remain current, accurate and valid.





COMMUNITY/TECHNICAL COLLEGES

Anson Technical College 117 South Greene Street Wadesboro, NC 28170	John I. Ballard, Jr. 704 694-6505	Life & Health
Asheville-Buncombe Technical College 340 Victoria Rd. Asheville, NC 28801	Curtis Lane, Jr. 704 254-1921	Life & Health Property & Casualty
Beaufort County Community College P. O. Box 1069, Hwy. 264 East Washington, NC 27889	Robbie Dail 919 946-6194	Life & Health Property & Casualty
Blue Ridge Technical College Route 2 Flat Rock, NC 28731	Frank L. Simpson 704 692-3572	Life & Health Property & Casualty
Caldwell Community College 1000 Hickory Boulevard Hudson, NC 28638	Dr. Ronald Kiziah 704 728-4323	Life & Health Property & Casualty
Cape Fear Technical Institute 411 North Front Street Wilmington, NC 28401	Iredell Hilliard 919 791-4717	Life & Health Property & Casualty
Carteret Technical College 3505 Arendell Street Morehead City, NC 28557	Carroll Jones 919 247-6000	Life & Health
Catawba Valley Technical College Hwy. 64-70 East Hickory, NC 28602	Richard Kimberly 704 327-9124	Life & Health Property & Casualty
Central Carolina Technical College 1105 Kelly Drive Sanford, NC 27330	Donald Stec 919 775-5401	Life & Health Property & Casualty



Central Piedmont Community College P. O. Box 35009 Charlotte, NC 28235	Anne King 704 373-6560	Life & Health Property & Casualty
Coastal Carolina Community College 444 Western Boulevard Jacksonville, NC 28540	Graham Meggitt, Jr. 919 455-1221	Life & Health Property & Casualty
College of the Albemarle P. O. Box 2327 Elizabeth City NC 27909	Lucy Gordon 919 335-0821	Life & Health Property & Casualty
Craven Community College P. O. Box 885 New Bern, NC 28560	Robert McClanahan 919 638-4131	Life & Health Property & Casualty
Davidson County Community College P. O. Box 27293 Lexington, NC 27293	Don Lanning 704 249-8186	Life & Health Property & Casualty
Durham Technical Institute 1637 Lawson St. Campus-Phillips Bld Durham, NC 27702	Michael Culpepper 919 598-9245	Life & Health Property & Casualty
Edgecombe Technical College 225 Tarboro Street Rocky Mount NC 27801	Augustus Resper 919 446-0436	Life & Health Property & Casualty
Fayetteville Technical Institute P. O. Box 35236, Cumberland Hall Fayetteville, NC 28303	Tommy Hall 919 323-1961	Life & Health Property & Casualty
Forsyth Technical College Main Campus, 2100 Silas Creek Pkwy Winston-Salem, NC 27103	Shelton Jones 919 760-2372	Life & Health Property & Casualty
Guilford Technical College P. O. Box 309 Jamestown, NC 27282	Doug Long 919 454-1126	Life & Health Property & Casualty
Halifax Community College P. O. Box 809 Weldon, NC 27890	Samuel Owen 919 537-1151	Life & Health Property & Casualty

Spindale, NC 28160		
Johnston Technical College	Sue Ellis	Life & Health
P. O. Box 2350	919 934-3051	Property & Casualty
Smithfield IN 27577		
Lenoir Community College	George Rouse, Jr.	Life & Health
P. O. Box 188 U.S. 70 & N.C. 58 E	919 527-6223	Property & Casualty
Kinston, NC 28501		
Martin Community College	Milton Council	Life & Health
Kehukee Park Road	919 792-1521	Property & Casualty
Williamston, NC 27892		
McDowell Technical College	Joyce Franklin	Life & Health
Route 1, Box 170, Highway 226/I-40	704 652-6021	Property & Casualty
Marion, NC 28752		
Mitchell Community College	Daniel Ballard	Life & Health
West Broad Street Rm 205 Voc. Bldg	704 873-2201	Property & Casualty
Statesville, NC 28677		
Nash Technical College	Pamela Drum	Life & Health
P. O. Box 7488, Old Carriage Rd.	919 443-4011	Property & Casualty
Rocky Mount, NC 27804		
Pamlico Technical College	Gary Jones	Life & Health
P. O. Box 185	919 637-5134	Property & Casualty
Grantsboro, NC 28529		
Pitt Community College	Larry Dendy	Life & Health
PO Drawer 7007 Vernon White Bldg	919 756-3130	Property & Casualty
Greenville, NC 27835		
Randolph Technical College	Donald Childers	Life & Health
P. O. Box 1009, Campus	919 629-1471	Property & Casualty
Asheboro, NC 27204		
Richmond Technical College	Jim Chavis	Life & Health
PO Box 1189 Vance St James Nurs Bld	919 582-1980	Property & Casualty
Hamlet, NC 28345		



Roanoke-Chowan Technical College Rt. 2, Box 46-A, Small Business Ctr Ahoskie, NC 17910	William Peele 919 332-5921	Life & Health Property & Casualty
Robeson Technical College P. O. Box 1420, I-95 and US 301 N Lumberton, NC 28359	Janice D. Davis 919 738-7101	Life & Health Property & Casualty
Rockingham Community College PO Box 38, Lab Bldg, Room 106 Wentworth, NC 27375	Von Neal 919 342-4261	Life & Health Property & Casualty
Rowan Technical College PO Box 1595, I-85 & Salisbury Blvd. Salisbury, NC 28144	James Myers 919 637-4261	Life & Health Property & Casualty
Sampson Technical College PO Drawer 318, Bldg B 101, Hwy 24 W Clinton, NC 28328	Roland Hall 919 592-8081	Life & Health Property & Casualty
Sandhills Community College 2200 Airport Road Pinehurst, NC 28374	Joyce L. Rhodes 919 692-6185	Life & Health Property & Casualty
Southeastern Community College P. O. Box 151 Whiteville, NC 28472	Shirley B. Hough 919 642-7141	Life & Health
Stanley Technical College Route 4, Box 55, College Drive Albemarle, NC 28001	Reed Furr 704 982-0121	Life & Health Property & Casualty
Surry Community College PO Box 304, L Bldg (upstairs) Dobson, NC 27017	Dr. Claude Ayers 704 981-0121	Life & Health Property & Casualty
Technical College of Alamance P. O. Box 623 Haw River, NC 27258	William Findt 919 578-2002	Life & Health Property & Casualty
Tri-County Community College P. O. Box 40, U.S. 64 East Murphy, NC 28906	W. Harry Jarrett 704 837-6810	Life & Health Property & Casualty

Wake Technical College  
9101 Fayetteville Road  
Raleigh, NC 27603

Bill Gunn  
919 772-0551

Wayne Community College  
Callier Box 8002  
Goldsboro, NC 27533

George Hill  
919 735-5151

Western Piedmont Community College  
1001 Burkemont Avenue  
Morganton, NC 28655

David Puckett  
704 437-8688

Wilkes Community College  
PO Box 120, Collegiate Drive  
Wilkesboro, NC 29697

Jean Cashion  
919 667-7136

Wilson County Technical College (\*)  
PO Box 4305, Bldg 7 (lower level)  
Wilson, NC 27893

James Woodhouse  
919 291-1195

COLLEGE/UNIVERSITY

Saint Augustine's College (\*)  
1315 Oakwood Avenue, Boyer Bldg.  
Raleigh, NC 27611

Alber Scott  
919 828-4451

TRADE ASSOCIATION - SPONSORED SCHOOL

IIANC Agents' Prelicensing  
1506 Hillsborough St P O Box 10097  
Raleigh, NC 27605

Joseph P. Horne  
919 828-4371

PRIVATELY OWNED - SPONSORED SCHOOLS

Insurance Systems of North Carolina (\*)  
Park Place, 2817 West End Avenue  
Nashville, TN 37203

Russ Osborne  
615 329-4200

Rendleman Company (\*)  
P. O. Box 4305  
Greensboro, NC 27404

Bill Rendlemen, Jr.  
919 274-1722



Professional Training Institute (*) 121 Belle Forrest Circle Nashville, TN 37221	Sidney Goodwin 800 621-1314	Life & Health Property & Casualty
Longman Financial Services Institute (*) 23077 Greenfield, Suite 29 Southfield, MI 48075	Henry Turner 313 557-3434	Life & Health
Southeastern Insurance Institute (*) P. O. Box 2776 Raleigh, NC 27602	Joseph Johnson 919 379-5305	Life & Health Property & Casualty
A & A Financial Services Prelicensing (*) 2191 Northlake Pkwy Bldg 11 Ste 101 Tucker, GA 30084	Freda Ayscue 404 934-3039	Life & Health
Human Potential Development (*) 4411-202 Hedley Way Charlotte, NC 28210	Cleve Folger 704 552-0439	Life & Health Property & Casualty
Brokers Insurance License Services, Inc. (*) 144 East 37 Street New York, NY 10016	Virginia M. Blumenauer 212 679-4600	Life & Health
Marketing & Management Corp. of America 4927-62nd Avenue South St. Petersburg, FL 33715	Carlos F. Baker 813 866-8363	Life & Health
<b>AGENCIES - CLASSROOM</b>		
Coastal Training Institute (*) 3149 Caswell Street Wilmington, NC 28403	William M. Williams 919 762-1977	Life & Health
South Central Underwriting Prelic. School (*) 25 Cherokee Blvd. Chattanooga, TN 37405	Michael C. Chapman 615 756-1111	Life & Health
Wellworth Insurance Preparatory School (*) 5114 Yarkin Road, SUITE 124 Fayetteville, NC 28303	Howard Maxwell 919 864-3658	Life & Health
East Coast Marketing Prelicensing School (*) 2191 N.Lake Pkwy. Bldg 11 Ste 101 Tucker, GA 30084	Freda J. Ayscue 404 934-3039	Life & Health

Meadows Agency (*) P. O. Box 929 Greensboro, NC 27402	Jon W. Meadows 919 275-0881	Life & Health
Raleigh Agency of Equitable Financial Serv. PO Box 31287 3203 Woman's Club Dr Raleigh, NC 27612	William R. Stroud 919 781-9550	Life & Health
Swain & Associates (*) 4607 Western Blvd WestPark Off Condo Raleigh, NC 27606	Guy S. Swain 919 859-1511	Life & Health
<u>INSURANCE COMPANIES - CLASSROOM</u>		
New York Life Insurance Company (*) 4700 Six Forks Road, Suite 200 Raleigh, NC 27619	Charles Milian, CLU 919 781-3100	Life & Health
Independent Life-Agent Develop. Ctr (*) One Independent Drive, 24th Floor Jacksonville, FL 32276	Gerald Tyson, FLMI 904 358-5462	Life & Health
Massachusetts Indemnity & Life Co. (*) 3120 Breckinridge Boulevard Duluth, GA 30199	John Keegan 404 381-1000	Life & Health
Academy Insurance Group (*) 909 E. Plaza, Suite 65, PO Box 945 Havelock, NC 28212	John Cozort 919 447-0937	Life & Health
Combined Insurance Company (*) 3739 National Dr., Cumberland Bldg. Raleigh, NC 27612	Frederick W. Greenley 919 781-3050	Life & Health
Home Beneficial Life Insurance Co. (*) P. O. Box 27572 Richmond, VA 23261	Stanley Lloyd, CLU 804 358-8431	Life & Health
Life Insurance Company of Georgia (*) P. O. Box 105006 Atlanta, GA 30348	Herbert Martin, Sr. 919 828-7726	Life & Health



Southland Life Insurance Company (*) P. O. Box 2220 Dallas, TX 75221	Charles Healy 214 922-1273	Life & Health
American Amicable Life Insurance Company (*) 4525 Victory Drive Columbus, GA 31903	William Nash 404 563-2545	Life & Health
Peoples Security Insurance Company (*) P. O. Box 61 Durham, NC 27702	David Batts 919 682-5431	Life & Health
Provident Mutual of Philadelphia (*) 1600 Market St., 8th Floor Philadelphia, PA 19101	Michael Roberts 215 636-5074	Life & Health
United Services Life Companies (*) 1701 Pennsylvania Ave. NW Washington, DC 20006	George Bell 703 276-9806	Life & Health
IDS Financial Services, Inc. (*) Unit 967, IDS Tower Minneapolis, MN 55474	Betty Mackay 612 372-2239	Life & Health
Wausau Insurance Companies (*) 1800 West Bridge Street Wausau, WI 54401	Thomas E. Green 715 847-7761	Life & Health Property & Casualty
Liberty Mutual Insurance Company (*) 444 Merrick Road Lynbrook, NY 11563	James J. Mallison, Jr. 516 593-8200	Property & Casualty
Capitol American Life Insurance Company (*) P. O. Box 3424 Wilson, NC 27895	Rulon R. Stacy 919 237-7116	Life & Health
<u>INSURANCE COMPANIES - CORRESPONDENCE</u>		
Pilot Life Insurance Company (*) P. O. Box 20727 Greensboro, NC 27420	S. Edward Hines, Jr. 919 299-4720	Life & Health
Jefferson Standard Life Insurance Company P. O. Box 21008 Greensboro, NC 27420	Thomas Leon Bass, Jr. 919 378-2012	Life & Health

P. O. Box 20727 Greensboro, NC 27420	919 299-4720	
United Family Life Insurance Company (*) 230 Houston St NE PO Box 2204 Atlanta, GA 30371	Joe H. Todd 404 659-3300	Life & Health
Business Men's Assurance P. O. Box 458 Kansas City, MO 64141	Grace Collins 816 753-8000	Life & Health
Bankers Life and Casualty Company 1000 Sunset Ridge Road Northbrook, IL 60062	James K. Gaylord 312 498-1500	Life & Health
Modern Woodmen of America (*) Mississippi River at 17th Street Rock Island, IL 61201	Nick C. Jannes 309 786-6481	Life & Health
Paul Revere Companies 18 Chestnut Street Worcester, MA 01608	Robynne A. Losert 617 799-4441	Life & Health
Peoples Security Insurance Company (*) P. O. Box 61 Durham, NC 27702	David B. Batts 919 682-5431	Life & Health
Metropolitan Prelicensing School (*) PO Box 8349 5601 Roanne Way Ste 100 Greensboro, NC 27419	Ramon A. Combs, Jr. 919 855-7800	Life & Health
Mutual of Omaha Ins. Co. - Ken Chase Division 12 Regent Park Boulevard Asheville, NC 28806	Kenneth A. Chase 704 258-3385	Life & Health
Life of Virginia Prelicensing Corresp. School P. O. Box 27601 Richmond, VA 23261	Thomas L. Streit 804 281-6198	Life & Health



OTHER CORRESPONDENCE

Saint Augustine's College (\*)  
1315 Oakwood Avenue  
Raleigh, NC 27611

Life & Health  
919 828-4451

Brokers Insurance License Services, Inc. (\*)  
144 East 37 Street  
New York, NY 10016

Life & Health  
212 679-4600

Virginia M. Blumenauer  
212 679-4600

## COMPANY SERVICES GROUP





## COMPANY SERVICES GROUP

### ACTUARIAL SERVICES DIVISION

The Actuarial Division obtained its first full time employee on June 6, 1986. Since that date the division has grown to five.

#### Fire and Casualty Work

Actuarial Services works with the Fire and Casualty Division of the Insurance Department in reviewing rate filings, form filings, and statistical filings of major significance. Some of the filings that have been reviewed in this manner and the results taken on them are set forth below:

A Workers' Compensation Filing was made by the Rate Bureau on September 2, 1986 requesting a +12.8% rate increase effective January 1, 1987. After analyzing the filing and holding discussions with the Rate Bureau, the rate request was lowered to +5.8%, which was approved by the Insurance Department. This rate change was necessary due to the higher reimbursements allowed to medical providers by the North Carolina Industrial Commission, as well as the increase in statutory benefits payable to injured workers. The reduction in the rate increase from +12.8% to +5.8% will save North Carolina policyholders approximately \$17,400,000.

In February, the Insurance Department approved a change in the rate relativities for Homeowners Insurance. This revision was done to help alleviate some of the availability problems arising for certain classes of homeowners in obtaining this insurance coverage. This was done without the need to change the overall average premium level payable in North Carolina for Homeowners Insurance.

New rates went into effect on November 1, 1986 for Truck Zone Rated Risks in the Reinsurance Facility, as a result of legislation enacted by the 1986 Session of the General Assembly. These rates, which represented an average increase of +114.4%, will bring the Facility rates in line with the rates being charged in the voluntary market for this line of coverage. This increase should serve to moderate losses in the commercial auto portion of the Facility, thereby lessening the need for recoupment on commercial automobile policies.

#### Life, Accident and Health Work

Actuarial Services works with the Life, Accident and Health Division of the Insurance Department by reviewing rate filings, form filings, and statistical filings of major significance. Some of the filings that have been reviewed in this manner and the results taken on them are set forth below:



On July 15, 1986 Blue Cross made a proposal to increase rates for Nongroup Conversion Comprehensive Major Medical Program by +72.7 effective October 1, 1986. Upon analysis of this filing and discussions with Blue Cross, they lowered the rate increase to +64.5% and delayed its implementation until January 1, 1987. In addition, they agreed not to revise the rates for this class of business for two years. These changes will result in premium savings of about \$2,200,000 through 1/1/89.

On June 30, 1986 Vulcan Life Insurance Company proposed an increase in average premiums from \$976 to \$1,230, or +26%, for 639 medical insurance policies in North Carolina. After discussions with the Insurance Department, they lowered their request to a +15% increase for a revised average premium of \$1,122. This results in a total premium savings of \$69,000 ( =  $639 * \{ 1,230 - 1,122 \}$  ).

#### Financial Evaluation Work

Actuarial Services has worked with both the Field Audit and Company Admissions Sections of the Insurance Department in providing actuarial studies.

The work with Field Audit involves the analysis of loss, loss adjustment expense, and unearned premium reserves for insurance companies. The largest project to date involved the analysis of reserves for Medical Mutual Insurance Company of North Carolina. Our analysis consisted of determining the total amount of outstanding liabilities for losses and loss adjustment expenses, the rate at which these liabilities will come due, and the present value of these liabilities when discounted for investment income.

Our work with Company Admissions has involved the analysis of financial projections provided by companies that want to be admitted to write business in North Carolina. This has involved analyses for Health Maintenance Organizations, Property/Casualty Insurance Companies, and Life Insurance Companies. The largest project to date has involved our analysis of the operating condition of Physicians Health Plan, Inc. which is a HMO. As part of our analysis, we helped to bring about changes in their operations which should improve their financial condition, as well as to obtain additional financing of \$1,750,000 to cover possible operating deficits.

## State Fire Insurance Fund

An actuarial study was performed of the State Fire Insurance Fund. This Fund provides self-insurance coverage to North Carolina State properties for the perils of fire and extended coverage. The analysis covered the areas of rates, liabilities for past losses and loss adjustment expenses, excess insurance, the surplus of the Fund, and the application of the National Association of Insurance Commissioner financial test ratios to the Fund. The main conclusions were that while the Fund is currently in adequate financial condition, its position is weakening due to both an inadequacy in rates and the transfer of monies to local fire departments in accordance with G.S. 58-191.4.

## Special Projects

In addition to our regular activities, we are involved in a number of special projects aimed at improving the quality of regulation.

One project that is currently under way is a study of Medical Malpractice claims closed in North Carolina from 1983 to 1986. We are currently in the process of finalizing the form to be used. A meeting will be held with representatives of the insurance industry on December 2, 1986 to obtain their input and discuss the study with them. The materials informing insurers of what will need to be reported will be mailed out before the end of the year.

Another study that is in progress will be to collect data of the profitability of the various sublines of general liability insurance. This will be used to investigate if unusually high profits are being made by insurers in specific areas and where to concentrate regulatory resources.

In the financial evaluation area, a computer program is in the process of being written that will allow the Insurance Department to more accurately assess the adequacy of the loss and loss adjustment expense reserves being reported by insurance companies on their Annual Statements. This information can be used to help in determining which insurers are in weak financial condition and in need of greater regulatory attention.

General research is also being done to improve the ratemaking process. Areas being looked into are the relationship between automobile mileage driven and external factors, the relationship of deviations and dividends to insurance company market share, the variability of loss ratios, and the surplus of insurers in relationship to the type of operation.





## COMPANY SERVICES GROUP

### FINANCIAL EVALUATION DIVISION

The Company Admissions Section of the Financial Evaluation Division consists of a Company Admissions Officer and one secretary. This Section is charged with the following major responsibilities:

1. Review applications for admission of out-of-state insurance companies seeking to transact insurance business in North Carolina. This review includes the complete evaluation of the applicant company's financial information for the previous three years. It also includes determining whether or not the applicant company is in compliance with all Insurance Statutes and Regulations in North Carolina. Such reviews normally require correspondence back to the applicant company for additional information or clarification, when needed, and informing the applicant company of any deficiencies which may need to be corrected before the company can qualify for admission to North Carolina. Successful applicant companies are recommended to the Commissioner of Insurance for licensing.
2. Review any applications to form domestic North Carolina insurance companies and any other insurance entity requiring a Certificate of Authority to transact its business in North Carolina. These reviews involve consideration of actuarial and financial projections presented as part of the application to show that the applicant company has a potential for success in such a business and evaluation of the plan of operation for compliance with North Carolina Statutes and Regulations. Successful applicant companies are recommended to the Commissioner of Insurance for licensing.
3. Review applications from insurance companies requesting eligibility for the placement of surplus lines business in North Carolina. Such applicant insurance companies do not desire to be licensed for full authority to transact insurance business in North Carolina. Rather, they desire to operate on a non-admitted basis to make available lines of property and casualty insurance which are not readily available through licensed insurance companies. The requirements for qualification in this area are limited to certain Statutory financial requirements and general insurance business practices. A listing of eligible surplus lines companies is updated and published monthly.



4. Handle any written or telephone inquiries from the public regarding admission requirements, surplus lines eligibility requirements, or any related questions.

Below is a summary of the activities of the Company Admissions Section during the period of January 1, 1985 through November 30, 1986:

Applications received from out-of-state insurance companies applying for admission to North Carolina -- 247

Applications received to form domestic North Carolina insurance companies -- 5

Applications received from Health Maintenance

Organizations for an initial Certification of Authority -- 13

Out-of-state insurance companies licensed during period -- 73

Domestic insurance companies formed and licensed during period -- 4

Health Maintenance Organizations licensed during period -- 8

Total applications withdrawn or rejected during period -- 65

Total applications for admission pending at November 30, 1986 -- 115

A new Surplus Lines Act was adopted by the North Carolina General Assembly on July 11, 1985, which placed the responsibility for determining the eligibility of insurance companies for the placement of such business upon the Commissioner of Insurance. The responsibility for making the financial reviews for surplus lines eligibility was assigned to the Company Admissions Section. Commencing on July 31, 1985, this Section has made the financial reviews each month of insurance companies applying for such eligibility, has recommended additions and deletions to the list of eligible surplus lines companies, and has published a list of the eligible companies each month. Below is a summary of the activities of the Company Admissions Section in this area:

Insurance companies reviewed for eligibility during period -- 164

Number of insurance companies on list at October 31, 1986 -- 105

It is estimated that this Section handles approximately ten written general inquires and at least forty telephone inquiries

per week regarding the requirements for filing various applications with this Section and questions pertaining to files currently under review or previously approved.





## COMPANY SERVICES GROUP

### FINANCIAL COMPLIANCE DIVISION

The Financial Compliance Division is divided into the following units:

1. License and Corporate Changes
2. Tax, Audit and Statistical
  - a. Life Companies
  - b. Fire and Casualty
  - c. Miscellaneous
3. Securities

Unit 1 of the Section is charged with the following major functions:

1. Renew licenses of all insurance organizations currently licensed in North Carolina that have been approved for renewal.
2. Process and/or approve corporate changes of existing insurance organizations licensed in North Carolina, such as acquisitions, mergers, re-insurance arrangements, charter changes, by-law changes, etc.
3. Protect the interest of North Carolina policyholders in the rehabilitation and liquidation of insurance companies, both foreign and domestic.
4. Assist the Commissioner in his duties as receiver of any insurance company in determination of claims, distribution of assets, etc.

The License and Corporate Changes unit reviewed, processed and approved where applicable all changes of name, domicile, address, corporate officers, charter, by-laws and lines of authority as well as acquisitions, mergers, reinsurance arrangements, rehabilitation, liquidations, etc. during the period January 1, 1985 through November 30, 1986 for the 1,070 insurance organizations currently licensed in North Carolina.

Unit 2 of the Division is charged with the following major functions:

1. Audit annual and interim financial statements of all types of insurers.
2. Audit all examination reports of all types of insurers.
3. Administer the tax laws and regulations applicable to all types of insurers.
4. Process all tax forms and collect all taxes due from all types of insurance organizations, preparing the tax collections for deposit to the general fund.



5. Administer the appropriate insurance laws and regulations of all licensed insurance organizations.

6. Compile from the annual statements of individual insurers statistics for the Department's use and for the general public.

During the period January 1, 1985 through November 30, 1986 this unit received 2,140 annual and 2,400 interim financial statements. Each of these statements was audited from a standpoint of financial solvency looking forward to renewal of each company's license on July 1 of each year.

As a result of these reviews, additional deposits were demanded from approximately 35 insurance organizations aggregating \$15 million and are being utilized as further protection for North Carolina Citizens.

A total of 1,000 reports on Examination were received and evaluated with follow-up letters being written on those containing critical comments of a relevant and material nature.

This unit, in its administration of the tax laws, collected and prepared for deposit to the General Fund premium taxes and company license fees of \$295,866,410 for the period. It further provided much statistical data and assistance during the 1986 Session of the General Assembly in which the premium tax rates and filing requirements were revised. Work has already begun to prepare for the 1987 Session and for possible further changes to the law.

Statistical data on all insurance business written in North Carolina by the 1,070 insurance organizations was prepared for the use of the general public, industry, governmental agencies and this Department.

Unit 3 of the Section is charged with the following major functions:

1. Administer the securities laws and regulations governing insurance organizations.

2. Evaluate the amount and type of securities required to be deposited by all types of insurance organizations when initially licensed and for all purposes thereafter.

3. Receive and process all securities deposited and maintain detailed records thereon.

4. Evaluate the financial status of the Workmen's Compensation Funds, stock and mutual, and to issue such calls for additional deposits as are required.

5. Receive all funds for the Workmen's Compensation Funds and maintain detailed records thereon.

6. Counsel with the management of the various insurance organizations relative to deposit requirements, transfers, exchanges, etc.

7. Receive and process all applications of insurers to write variable annuities and variable life insurance in North Carolina.

8. Receive and process all registration statements of insurance holding companies.

9. Respond to all requests for verification of security deposits and any other matters related thereto.

10. Administer the escheat laws of the State as pertains to insurance organizations, in cooperation with the State Treasurer.

#### Performance Measure:

Below is a summary of the activities of this unit during the period January 1, 1985 through November 30, 1986:

Securities on deposit at November 30, 1986 had a par value of \$191,488,251 and included 827 existing accounts. During the period 85 new accounts were added.

Securities in deposit bonds at November 30, 1986 amounted to \$7,502,000 and included 89 existing accounts.

Number of Companies requesting "No Object letters" for sale of securities during the period were 97 (67 were first time request and 30 were renewals).

Securities on deposit for the Mutual Workers Compensation Security Fund at November 30, 1986 amounted to \$4,743,542. There were 124 transactions during the period.

Securities on deposit for the Stock Workers Compensation Security Fund at November 30, 1986 amounted to \$9,584,607. There were 164 transactions during the period.

During the period there were 7 active receivership companies requiring activity from the referenced funds.

During the period 44 companies had their licenses amended to include class 2B Variable Annuity Authority. There were 187 policy forms and/or endorsements approved.

During the period 27 companies had their licenses amended to include class 2C Variable Life Authority.

At November 30, 1986 32 domestic insurance holding companies are filing base documents and all amendments. In addition, 258 foreign holding companies are required to make filings with this unit.



During the period 1,700 certifications of good standing, deposit, etc. were prepared by this unit.

## COMPANY SERVICES GROUP

### FIRE & CASUALTY DIVISION (RATE REGULATION)

On January 1, 1985, this Division had a total staff of six; four technical positions and two clerical positions. The June 1986 Session of the N. C. General Assembly authorized a number of additional positions. As of November 20, 1986, seven additional persons have been added, four technical and three clerical.

The primary responsibility of this Division is the review and approval/disapproval of rate, rule and policy form filings made by insurance companies, statutory bureaus (i.e. N. C. Rate Bureau) and licensed rating organizations. In calendar year 1985, this Division received 5,328 filings made by insurers. Of this number, 4,563 were acted upon and 544 were returned to the filer because of some inadequacy. We received 227 filings from the N. C. Rate Bureau of which 179 were acted upon and 24 were returned.

From January 1, 1986 through October 31, 1986, we received 4,259 company filings, 3,166 were acknowledged or approved and 616 were disapproved or returned to the filer. Through the same ten months of 1986, 197 N. C. Rate Bureau filings were received, 151 approved or acknowledged and 14 disapproved or returned.

North Carolina General Statutes 58-124.23(a) and (c) permit individual companies to file rate deviations (discounts) on "essential" coverages (i.e. private passenger automobile, homeowners, dwelling fire) under the jurisdiction of the N. C. Rate Bureau. In 1985, 526 such deviations were approved and 439 have been approved during the first ten months of 1986.

North Carolina General Statutes 58-124.23(b) and 131.39(c) permit companies to charge a higher than standard rate on an individual policy with the written acknowledgement and consent of the policyholder and in some cases, the approval of the Commissioner. In calendar year 1985, 349,337 of these "consent-to-rate" filings were approved. From January 1, 1986 through September 30, 1986, 273,762 such filings were approved. Of these "consent-to-rate" filings, 99% were for private passenger automobile physical damage coverage.

In addition to reviewing rate, rule and policy form filings, this Division also licenses rating organizations, advisory organizations and joint underwriting associations. There were 22 of these organizations licensed in 1985 and 29 in 1986.

Article 36 of the General Statutes permits insurance coverages to be placed with surplus lines companies (not licensed in N. C.) so long as there is compliance with applicable statutes and regulations. This Division's surplus lines section is responsible for the review of these petitions, affidavits, to place business



with unlicensed companies and the collection of premium tax on such business. In calendar year 1985, 14,286 affidavits were reviewed and approved, representing \$47,475,802 premium and resulted in the collection of \$2,373,787 premium tax for the Treasury of North Carolina. From January 1986 through October 1986, 14,243 affidavits were reviewed and approved. During the first six months of 1986, affidavits were reviewed representing \$31,594,936 premium and resulted in the collection of \$1,579,746 premium tax.

In addition to the routine responsibilities of this Division, there were a number of significant developments in 1986 that are worthy of comment. They are as follows:

#### SPECIAL SESSION

On February 18, 1986 the North Carolina General Assembly met for a special session for the first time in the State's history to consider a matter other than budgeting or redistricting. As the result of legislation enacted that day, Commissioner Long was granted the authority to create joint underwriting associations (risk sharing pools) to provide needed property and liability coverages where there is a demonstrated market need for such coverages and the voluntary marketplace is not making the coverages available. As of this date, there has been no need to activate such an association.

#### INSURANCE SERVICES OFFICE (ISO) COMMERCIAL GENERAL LIABILITY (CGL) PROGRAM

In February of 1986, Commissioner Long approved the ISO CGL program after almost two years of review by this Department. This was the first major revision of the General Liability Program since the 1950's and attracted tremendous interest nationally. This Department joined a coalition of 22 other states to secure needed improvements and safeguards in the program over what was originally filed.

#### MARKET ASSISTANCE PLAN (MAP)

After many meetings and conversations with both agents and companies, this Department implemented a market assistance plan on April 1, 1986. This plan, which has proven to be one of the finest in the country, was a joint effort by the industry and Insurance Department to voluntarily provide needed property and casualty coverages for North Carolina citizens during a time when the marketplace had become severely restricted, not only in North Carolina but countrywide. This plan has been tremendously successful and there had been 2,040 inquiries and coverage was placed for all but 5 risks, by the end of 1986.

#### SOUTHEASTERN ZONE RATE CONFERENCE

North Carolina was pleased to host rate regulators from the 11 southeastern states which comprise the Southeastern Zone of the National Association of Insurance Commissioners (NAIC) at the 1986 Southeastern Zone Rate Conference held in Asheville, North Carolina on June 22-24, 1986. A total of 201 persons, including six commissioners of insurance and three members of the North Carolina General Assembly, registered for this conference. Some of the topics discussed were crime and fraud in insurance, federal tax code changes for insurance, credit insurance and the banking industry, life insurance or investment and claims-made policies vs. occurrence policies. This was our first time hosting this event in over 12 years and we were extremely pleased with the results.

#### NEW HOMEOWNERS PROGRAM (HO-84)

After many months of staff review and discussions with industry representatives, a new homeowners program was approved this fall to become effective April 1, 1987. This is basically a complete rewrite of the homeowners program, represents significant modernization of the homeowners coverages, and is the first major overhaul since 1976.





## COMPANY SERVICES GROUP

### LIFE, ACCIDENT & HEALTH DIVISION

Since January 1985, the Life, Accident and Health Division has added one analyst and one secretary to the staff. Additionally, a full time, certified actuary has been hired for this division. This is the first time an actuary has been hired to work in-house for this division. The Life, Accident and Health Division now has seven analyst and three secretaries.

All of the analyst have passed Course I of the Life Office Management Institute course, six analyst have completed Course II and one analyst has passed Course II and completed Course III. The complete staff has completed an in-department week long computer course and are now fully qualified on the C.E.O.

The Division is now part of the Computer Electronic Office Systems of the Department. Each Division member has a desk top terminal and the Division has one CEO printer. The CEO has permitted this division to implement our own computer filing system. We are able to enter incoming daily mail; track the mail to the receiving analyst; track outgoing correspondence and file it with company filing submission, and file the approval forms by company name, form number and type of policy form. This permits the analyst to respond to company inquiries concerning their filings without leaving their desk.

In 1985, we received approximately 8,782 form filings, approved 9,804 policy forms and wrote approximately 2,634 various letters. This was accomplished, in part, with six analysts and two secretaries. In the ten months of 1986, we have received approximately 9,095 form filings, approved 9,591 and have written approximately 2,085 letters. This was accomplished with the current seven analysts and three secretaries.

Since January, 1985, two insurance products have made an impact on the Life, Accident and Health Division. Universal Life and the various forms of interest sensitive products have become common among approximately 750 licensed life insurance companies. The other product that has had a tremendous impact on this division has been emergence of the Health Maintenance Organizations (HMOs). In January, 1985, we had three licensed HMOs. As of this writing, we now have 12 licensed HMOs with three pending review. Since January, 1985, Life, Accident and Health has participated in an inter-Department committee established to review HMOs applications for license. Additionally, Life, Accident and Health has participated in drafting proposed regulations for the licensing and continued review of HMOs operations and products.



During this reporting period, Life, Accident and Health has worked with the Departmental Legal Division in drafting and submitting proposed legislation to the short session of the legislature. Also, Life, Accident and Health participated in drafting, deleting or rewriting nine Departmental regulations for the Administrative Procedures Code, to be effective July 1, 1986. All of the regulations are important; however, one regulation, 12.0514 Coordination of Benefits, is a far reaching regulation that establishes the order of benefits payments when two or more group insurance policies cover an insured. The Life, Accident and Health Division provided technical assistance to the Director of the Department's new consumer information program, Senior Health Insurance Information Program (S.H.I.I.P.). This program is designed to provide information and education to senior citizens concerning medicare supplement policies and insurance coverages designed for this age group. Further, during this reporting period, the Life, Accident and Health Division provided technical assistance to the Department's Consumer Insurance Information Division, Investigation Division, and Legal Division on practically a daily basis.

In June, 1986, the Life, Accident and Health Division co-hosted the Southeastern Zone Rate Regulators Conference in Asheville, N.C. Life, Accident and Health was instrumental in arranging the conference agenda, including five programs for the life and health insurance participants, the conference lodging, meals and entertainment. All Departments of Insurance in the 13 state southeastern zone were represented at this conference as well as some 150 companies.

This reporting period has been a time of growth and change in the Department and specifically in this Division with additional staff, equipment, new insurance products and management. Additionally, Department Senior Staff Management has actively encouraged additional educational opportunities for the staff, a more participative management in the Division and emphasized a greater responsibility for the Life, Accident and Health Division.

## COMPANY SERVICES GROUP

### COMPANY OPERATIONS DIVISION

The responsibilities of this division is divided into three units: Fire & Casualty Unit; Life, Accident and Health Unit; and Miscellaneous, and charged with the following functions:

1. Evaluate, examine and audit 108 domestic North Carolina insurance organizations. Such work is performed under the Plan of the National Association of Insurance Commissioners.
2. Evaluate, examine and audit all types of foreign insurance organizations, approximately 972 presently licensed in North Carolina, such work to be performed in the state of domicile of the foreign insurer with the State of North Carolina representing Zone 2 of the National Association of Insurance Commissioners. Zone 2 being comprised of thirteen states and the District of Columbia.
3. Render complete audit reports on each foreign and domestic insurance organization examined, including the processing of such reports from the initial rough write-ups on to the completed reports.
4. Continually perform the necessary research and study required to develop and maintain proper audit and examination procedures.
5. Evaluate, examine and audit all domestic insurance holding companies insofar as such holding companies affect the insurance organizations. During the year 1984/85 our Field Audit staff completed twenty-six (26) reports and during 1985/86 they completed 40 reports. Each of these reports require many hours of detail work and contains approximately thirty-eight (38) captions which must be addressed in detail. Each report covers a two year period and is made in accordance with auditing standards as established by the North Carolina Department of Insurance and procedures established by the National Association of Insurance Commissioners. Each includes such tests of the accounting records and such other auditing procedures as were considered necessary under the the circumstances.



6. Review all aspects of the operations of each company licenses in North Carolina and determine if North Carolina should request participation in the examination thereof.

7. Perform any and all special examinations and assignments relative to insurance companies.

8. Maintain detail records on the time spent to perform each examination and invoice the audited company for actual examination expenses as outlined in G.S. 58-9.

Twice monthly, each examiner (16) prepares an examiners expense and days worked report. Each examiner participating in an examination forwards the original of the reports to the designated official in charge who has the responsibility to verify the report and prepare an invoice to the insurance company charging for the days worked and other collectable expense. The invoice directs the insurance company under examination to submit its payment direct to the North Carolina Department of Insurance covering both days worked and other expenses.

All funds received by the Department are for the sole purpose of funding the direct and indirect costs of the examination unit. The official in charge must from time to time develop a formula and adjust it as need and circumstances require. Considerable knowledge of company audit requirements and projection of expenses is required in order to develop an accurate budget.

The charges that were invoiced to the examined insurance companies in fiscal 1984/85 was \$889,494.00 in per diem and \$155,197.00 in expenses for a total of \$1,044,691.00. During fiscal year 1985/86 the totals through November 15th were \$947,312.00 in per diem and \$198,950.00 in expenses. This \$1,146,262.00 total does not include Market Conduct expenses since it was separated from Field Audit on August 1, 1986.

9. Counsel with the management of the insurance organizations on matters related to the total operations of the company.

The primary function of this Division is carried out independently at the home office of the insurance organizations

under practices and procedures developed by the National Association of Insurance Commissioners and this Division. Also, it is the responsibility of the Division to arrange for all domestic examinations and the assignments of personnel to carry out the examinations. In the case of foreign examinations, it is the responsibility of this Division to make appropriate assignments thereon. Concerning all examinations, it is the responsibility of the division personnel to supervise the examination in progress and with the management of the company on any matters that cannot be resolved by the participating examiners. This Division is also required to prepare all cases for hearings on the Reports on Examination and testify as to the findings therein.

Each examiner on a job makes a written work progress report each month to the examiner in charge who reviews and makes any necessary comments relating to the quality of work being performed.

#### **Training Program for Financial Examiner Accreditation**

Insurance Company auditors qualifications established by the National Association of Insurance Commissioners must be certified by the Society of Financial Examiners to be eligible to hold the title of Accredited Financial Examiner or Certified Financial Examiner. Supervising examiners must be certified by the Society of Financial Examiners to hold the title of Certified Financial Examiner.

To achieve the title of Certified Financial Examiner requires the examiner to participate in 12 correspondence courses and successfully complete the required examinations which are supervised by certain designated accounting firms. All courses are equal to three or six semester units.

The five point program for the above courses are as follows:

1. To establish high level codes of professional requirements for its accredited and certified members.
2. To provide nation-wide recognition and create respect for members who achieve and maintain high moral and ethical standards as well as those of professional competence.
3. To develop new educational and training programs related to the examiners specialized field to supplement programs already available.
4. To insure standards of a quality that will generate employer and public confidence to a degree that those interested can identify practitioners.



5. To provide mutual benefits available to a large organization of persons with common interest.

## II. ACTUARIAL SECTION

The specialized Actuarial Section is charged with the following functions:

1. Evaluate and determine the reserve structure of all domestic insurance companies. This is accomplished in part from the review of the annual statements of the insurance organizations and in conjunction with the regular examination of the organizations.
2. Conduct special reserve evaluations of domestic and foreign insurance organizations when appropriate to do so for the protections of policyholders.

## III. OTHER ADMINISTRATIVE DUTIES

In addition to duties as related to the Company Operations and Actuarial Section of this Division, the Division is also responsible to perform the following duties:

1. Continually research and review the functions of the Field Audit Division and make organizational recommendation.
2. Interview and staff the Company Operations Division, field and office, in accordance with the broad policies set forth by the Commissioner of Insurance.
3. Inasmuch as the receipts budget aggregates approximately \$1,300,000.00 annually. The Division must prepare an accurate budget to determine charges to be made to insurance companies during the ensuing year. Also, the Division has the responsibility to make a month-to-month review of receipts and disbursements so as to insure statutory compliance.

4. Upon completion of a domestic examination, the examiner in charge submits a rough draft of the report on examination for review and for typing under supervision in this Division.

5. Cooperate and render to other Divisions any assistance required on any and all matters requiring the knowledge and expertise contained in the Company Operations Division.

6. Study and research all issues brought before the Division which includes preparation of extensive memoranda bearing on the particular issue, as well as recommended courses of action. Examples of such issues are proceedings to preserve solvency of companies, proceedings to require cease and desist orders on companies already authorized to transact business, and proceedings to investigate companies' treatment of policyholders.

7. The Division must participate in committee sessions of the National Association of Insurance Commissioners. At these sessions, the Division is called upon to represent the Commissioner in national policy making for the entire insurance industry and regulators.

8. Make suggestions for legislative changes needed relative to the Department. This includes appearances before legislative committees when requested to do so.

9. Prepare periodic statistical and status reports on all functions of the Company Operations Division, which includes examination reports.

The broad Department policies are set forth by the Commissioner of Insurance. Any major changes recommended in the practices and procedures of examination and audit work are reviewed by and discussed prior to approval before being implemented.

To discharge the duties and responsibilities of this division in connection with the work, it is necessary to keep informed on the changes in statutory requirements, accounting principles, procedures, new types of investments and basis of evaluation, and changes in the insurance industry in general.

The guides used by this Division in work are the North Carolina Insurance Statutes, as well as the statutes of any state in which the company under examination operates; administrative procedures and rules promulgated by the Commissioner of Insurance of the



State of North Carolina or the Commissioners of the states in which the company operates; National Association of Insurance Commissioners Examiners Handbook; various accounting and auditing books; Insurance Company's Annual Statement Handbook; as well as numerous other textbooks applicable to the operation of the insurance industry and additional guides or prior decisions of the Commissioner, various applicable court decisions, as well as numerous precedents established in other states.

The nature of work in the Company Operations Divisions varies from time to time. The majority of the time the Division personnel deals with the senior officers of insurance companies licensed and/or companies with applications pending in the State of North Carolina. In the course of regular duties, the Division is in contact with Commissioners and personnel staffs of other states, bank officials, building and loan officials, brokerage firms, State Industrial Commissioner, lawyers representing the companies, medical directors, Internal Revenue Department, Certified Public Accountants, Court Judges, Solicitors, Register of Deeds, etc.

## COMPANY SERVICES GROUP

### SELF-INSURED WORKERS' COMPENSATION DIVISION

The North Carolina General Assembly transferred the Self-Insured Workers' Compensation Section from the N.C. Department of Commerce, Industrial Commission to the N.C. Department of Insurance effective July 1, 1985.

The general purpose of this section is to assure the financial solvency and stability of employers desiring to self-insure their workers' compensation risk in lieu of paying commercial coverage.

Since July 1, 1986 the Division has requested and received an up-to-date listing from the twelve (12) Associations which have established active accounts within the state. The Administrators of the funds which have from 32 to 2791 individual employers covers several thousand employees within the state. Upon receipt of the completed applications, some comparison audits are made to verify current information against computer listings. Based on this information, corrections and adjustments are made. In many cases additional information is requested from the Association/Industry.

The first computer listing dated July 31, 1985 which came from the Industrial Commission listed 1900 active accounts, and 192 inactive accounts. As of November 1, 1986 the accounts have grown to 2751 active and 431 inactive accounts. These inactive accounts covered two Associations with 127 individual employers who dropped out of the program because they did not have enough individual members to justify the expenses.

For the year 1985, the department invoiced and deposited to the general fund \$1,962,245.00 in payroll taxes. The prior years collections were \$1,157,714.00. As is evidenced by the increase in Individual, Corporate and Association accounts. The current years' payroll tax will be higher than last year. The invoices for this premium tax will be mailed in January after receipt of the individual payrolls in December. When received, the payrolls are audited as to rates, class of employee, number of employers and other pertinent information. This date is entered in the computer with the rate, and an invoice is generated for the premium tax owed by each company. Premiums collected are deposited into the general fund after they are again checked and verified.

During the regular session of the 1986 General Assembly, the North Carolina Self-Insurance Guaranty Association was established. This is a non-profit unincorporated legal entity which will provide a mechanism for the payment of covered claims under the self-insurance program. It is designed to avoid



excessive delay in payment of claims, and avoid financial loss to claimants because of the insolvencies of a self-insured employer. The Department is in the process of selecting a Board of Directors, and is setting up the Mechanism of Assessment for the Guaranty Fund. Each member of the self-insured program will be assessed one-half of 1% of the annual standard premium that would have been paid by that member during the prior calendar year. The Department will be making an additional assessment of each individual member until the level of \$1,000,000.00 is reached, though no further assessments will be made for the fund except when it falls below the 1 million level. The fund will also pay the expenses for the administration.

The securities on deposit, which include CD's and Treasury Notes rose from \$2,050,000.00 in 1985 to the current balance of \$3,250,000.00. These securities are deposited with United Carolina Bank, and represent guaranties in lieu of bonds.

Each Corporate, Association and Individual account must submit annually sufficient information which is filed in individual folders and in a computer data base to determine the financial solvency and the ability of the employer to assume the risks as a self-insurer. Each file contains as a minimum, copies of Bonds, Reinsurance Certificates and the latest Annual Statement. These files must also be checked frequently and adjustments made as mergers, buyouts, bankruptcy or any other change of status occurs. This data is also duplicated in our computer system and is adjusted frequently to reflect (1) inactive or terminated employers, (2) termination notices, (3) delinquent notices, (4) bond and security reports and (5) Class rates/descriptions. As the economy of the area expands, and local industry realizes the advantages of self-insurance, the applications will continue to increase. As the applications increase, each inquiry is placed in a file and developed as the information is received. The first process is to forward an application which is to be returned with a \$100.00 fee. At all times, there are four to six active applications on review.

A public hearing was held on November 17, 1986 in Raleigh to review Subchapter 11 G of the Workers' Compensation Rules. There were thirty-four (34) representatives of the industry present. Six of these representatives made oral presentations and filed written reports. These reports will be studied and the rules changed if warranted and to be made effective February 1, 1987.





NCDOT'S FIRE & RESCUE DIVISION  
PERSONNEL TRAIN VOLUNTEER FIREMEN  
CORRECT METHODS.

FIRE & RESCUE PERSONNEL  
CONTINUALLY UPGRADE THEIR  
OWN TRAINING.









COMMISSIONER LONG LOOKS  
ON AS NEW FIRE COMMISSION  
TAKES OATH OF OFFICE.

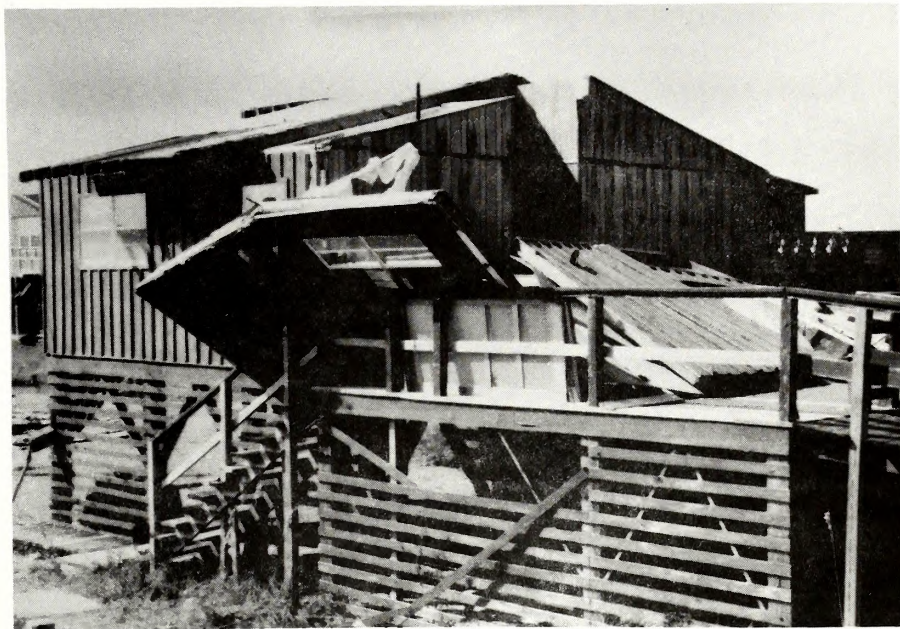
NCDOT ACCESS DAMAGE  
OF PROPERTY AFTER A  
MAJOR STORM.





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NCDOT LOOKS FOR  
DAMAGE TO PRIMARY  
DWELLINGS.



COMMISSIONER LONG MEETS  
WITH LOCAL CITIZENS AFTER  
HURRICANE, MANY LOST HOMES,  
CONTENTS.







## SAFETY SERVICES GROUP





## SAFETY SERVICES GROUP

### ENGINEERING DIVISION

#### Statutory Responsibilities

North Carolina General Statute 143-139(b) gives the Commissioner of Insurance, through the Engineering Division, the responsibility of general supervision of the administration and enforcement of all sections of the North Carolina State Building Code pertaining to plumbing, electrical systems, general building restrictions and regulations, heating and air conditioning, fire protection and the construction of buildings in general. The Division meets these responsibilities by providing interpretations of code requirements, assisting local government authorities with the application of the code, inspection of electrical systems in state owned building, reviewing plans and specifications of new buildings for code compliance, assisting with code related educational programs and serving as informal state code appeals agency. In addition, the Division is required by Statute to serve as staff to the North Carolina State Building Code Council and North Carolina Code Officials Qualification Board.

#### Code Administration and Enforcement

The present code consists of over 2,200 pages in four (4) volumes and the Engineering Division provides interpretations of the intent of these regulations to city and county inspection officials, architects, engineers, contractors, material suppliers and manufacturers, other State agencies, attorneys and the general public at large. These interpretations are provided verbally by telephone and office conferences and by letters.

This Division also has the responsibility to review the plans and specifications for Residential buildings over 4 stories in height or 100 rooms, Business, Industrial and Mercantile buildings over 4 stories in height or 50,000 square feet, all Public Educational, Institutional and city and county owned buildings and all Private Educational, Assembly and Hazardous occupancy buildings having an occupancy capacity in excess of 200 people. Before a permit can be secured for these type buildings, a letter of compliance must be issued by this Division to the inspection department having jurisdiction. General Statutes 168-1 through 168-8 provides for the treatment of handicapped and disabled persons equal to that afforded other persons. This Division has a "Special Office for the Handicapped" which provides information to handicap organizations, design and construction professionals and building owners in the application of these state laws and the building code requirements relating to accessibility. This assistance helps provide our disabled citizens the full and free use of all buildings in the State so that they may have the education,



employment, living and recreation opportunities to be as self-sufficient as possible.

General Statutes 153A-374 and 160A-434 permits anyone to appeal a decision or interpretation of a local inspector pertaining to the State Building Code, to the Commissioner of Insurance. Since it is usually not practical for construction to stop and wait for a formal appeal, affected persons usually telephone or write this Division for assistance. After receiving information from both sides of the controversy, we render an informal opinion which is normally accepted in the vast majority of cases. This saves both the time and money necessary for additional formal appeals to the Commissioner of Insurance, the State Building Code Council or Superior Court.

This Division inspects the electrical systems of all State owned buildings during construction. When code violations are detected, we advise the contractor or designer of the corrections required. Contractors can not receive payment for their work until we issue a certificate stating that the installation complies with safety regulations. In addition to these required inspections, this Division assists local officials with inspection of other construction aspects of buildings when requested. Due to their use, some buildings require special construction, and technical assistance is necessary from us to insure that the building is safe. Inspection assistance is also provided for structures when deterioration, fire or storms create conditions which appear to be hazardous to life.

Due to the ever changing construction technology, it is imperative that inspectors, contractors, and designers are properly trained in code application in order for them to better serve the citizens of the State. This Division assists inspector and contractor organizations, community colleges, and professional and trade organizations in developing training courses relating to the Building Code. Staff members serve as instructors for short courses and seminars conducted by these organizations. In addition, staff members speak at numerous monthly and annual meetings of state and local technical and civic organizations, contractor and design organizations, colleges and other State agencies.

This Division provides technical assistance to Legislative and other State agency study committees, Councils and Boards. During this reporting period, we have assisted the Zoning Study Commission, Jail Standards Study Commission, Medical Care Commission, Office of Child Day Care Licensing, Division of School Planning, Governor's Advocacy Council for Persons with Disabilities, Fire Service Code Advisory Committee, State Division of Environmental Health, Board of Health on Nursing Homes, Department of Corrections, State Construction Office, LP Gas



Section of Department of Agriculture, State Elevator, Boiler and OSHA Divisions, State General, Plumbing, and Electrical Contractors' Licensing Boards and the State Licensing Boards for Architects and Engineers.

#### North Carolina State Building Code Council Support

North Carolina General Statute 143-137(c) requires that the Engineering Division serve as staff to the North Carolina State Building Code Council. The Council consists of 12 members appointed by the Governor and in accordance with G.S. 143-138, the Council is empowered to adopt and amend the State Building Code, hear appeals on the interpretation of the State Code and approve local building regulations which are different from the State Code. The Council holds regularly scheduled public hearings on the second Tuesday in March, June, September and December. Additional meetings are held by Council code committees between these public hearings.

Code change proposals and appeals are received by staff. An agenda for each hearing is developed and distributed to the Council and approximately 500 interested persons and organizations who have requested this information. Proper public notice is posted and a meeting site is secured. All public hearings are recorded as the official minutes of the proceedings. Summary minutes are taken from which written minutes are prepared for distribution to the Council, persons receiving the agenda and those who attended the hearing. The Council requests that the staff perform technical research on many of the proposals submitted to insure that the code requirements are the minimum necessary to provide safe buildings.

General Statute 143-138(g) requires that the Building Code Council cause to be printed and distributed the Building Code and all amendments thereto. Presently there are 33 different code related publications available. Staff has the responsibility to insure that copies of these publications and accumulative amendments are available for sale. This requires the preparation of copy-ready prints of new updated editions and reprints. The majority of sales from our inventory is by mail.

General Statute 143-139.1 permits the Building Code Council to provide, in circumstances deemed appropriate, programs to certify independent testing laboratories as State accredited third party agencies to test, evaluate, inspect and label factory built manufactured buildings and building components. The Council adopted third party agency rules relating to modular construction in 1971 and rules relating to electrical and mechanical building components in 1981.



Modular buildings designed for residential use which bear a North Carolina certification label are exempt from local inspections. Only Council approved third party agencies may authorize manufacturers to apply this certification label to their units. In order for a testing laboratory to be approved by the Council, they must submit an application with data to verify that they are independent and do not have a conflict of interest, that they have experience in providing this type service and that they have sufficient technically qualified personnel to properly administer this program. This information must be reviewed by staff to verify compliance with the Council's rules.

Third party agencies approved to administer the Council's modular labeling program are required to review manufacturer's plans and specifications of modular units and certify compliance with the State Building Code. This information is forwarded to staff for their review. If the design package is acceptable, a staff inspection team performs an in-plant inspection of the manufacturer to insure that they are capable of constructing a unit in accordance with the approved design package. The issuance of North Carolina certification labels are authorized only after an acceptable in-plant inspection is made. After labels are authorized, an inspector of the approved third party agency must inspect either the plumbing, electrical, heating or structural construction of each unit receiving the North Carolina certification label. Monthly reports on in-plant inspections and the number of labels issued are submitted by each third party agency for review and filing by staff. Staff also performs unannounced periodic inspections of manufacturer's plant facilities and records to insure that the third party agency is properly performing its duties.

The Council also has a program which permits independent testing laboratories to be accredited to test and label electrical and mechanical equipment as complying with nationally recognized safety standards. Laboratories must submit an application with data to verify that they are independent, have experience in the area for which accreditation is requested, have proper testing facilities and equipment and have technically qualified personnel to provide this service. This application must be reviewed and approved by staff and a report submitted to the Council. After the report is accepted, an inspection team consisting of staff and Council members inspects the agency's testing facilities to further verify their ability to perform this service. An approved application and plant inspection is required before accreditation is granted. Approved agencies are inspected annually by staff to insure that the agency continues to comply with the Council's rules and procedures for this program.



## North Carolina Code Officials Qualification Board Support

General Statute 143-151.9 established the North Carolina Code Officials Qualification Board. The 20 members of this Board are appointed by the Governor, Lieutenant Governor, Speaker of the House, Dean of Engineering at NC State and North Carolina A&T Universities, Director of the Institute of Government, President of the Division of Community Colleges and Commissioner of Insurance. G.S. 143-151.12 gives this Board the responsibility to develop standards for the training and certification of code enforcement officials. General Statutes 153A-351 and 160A-411 requires that all city and county governments create inspection departments and that any member of a department responsible for code enforcement be certified by the Qualification Board. The Engineering Division is required to provide clerical and staff services to the Board by G.S. 143-151.19.

The Board is required by Statute to meet a minimum of 4 times a year. Proposals for Board consideration are received by staff from which an agenda is prepared and distributed. Staff also secures a location for the meeting. We also record the meeting proceedings as the official minutes and type summary minutes and distribute them to the Board, those attending the meeting and other interested persons and agencies upon their request. Staff support is also provided to Special Committees of the Board who meet periodically.

The Board is responsible for developing training schools and State examinations for inspector certification. This requires 12 different categories of schools and exams which are developed, coordinated and administered by staff. The schools are required to be coordinated with community colleges and the Institute of Government. Instructors for many of the schools are other staff members within the Division. All State certification exams are administered by staff. This includes preparation, monitoring and grading.

Persons desiring to enroll in a school or take an exam must submit a completed application form to staff. If the application is complete and applicant meets the minimum qualifications of the Board, he is advised by staff of the time and location of the next school or exam. Upon completion of a school or exam, an applicant is advised in writing of whether he passed or failed.

Each person certified by the Board is issued a certificate for each level and area of inspection for which he has met qualification requirements. These certificates are prepared, proper signatures secured and mailed to the inspector by staff. Initially, a wallet certification card is issued with each certificate. In order to maintain each certification, an annual renewal fee is required.



Staff mails all renewal notices, receives renewal fees and prepares and distributes a new wallet certification card for each renewal.

Anyone may issue a written complaint against a certified inspector. When such a complaint is received, staff is required to investigate the charges. Should we find that the charges appear to be frivolous, this is reported to the Board who in turn instructs us to advise the person filing the complaint. If the staff's investigation determines that the charges are based on fact, the Board schedules a time and place for a formal hearing. The staff provides the same support services for these hearings that is furnished for the regularly scheduled Board meetings.

#### Division Organization and Activities

The staff of the Engineering Division consists of 9 engineers, 2 architects, 1 educational technician, 5 inspectors and 4 secretaries. The Division is divided into six sections consisting of Code Consultant, Electrical, Mechanical, Modular, Inspector Certification, and Special Office for the Handicapped. The activities of this Division for this reporting period are as follows:

Plans Reviewed	4,000
Field Inspections	3,400
Office Conferences	3,600
Telephone Information Requests	61,000
Schools, Seminars, and Conference Participation	250
Building Code Council Meetings	8
Qualification Board Meetings	9
Council and Qualification Board Committee Meetings	70
Qualification Board Complaint Investigations	9
Inspector Certification Schools Coordinated	200
Inspector Certification Exams Administered	900
Inspector Certification Applications Reviewed	2,700
Inspector Certificates Renewed and Issued	4,500
Modular Certification Manuals Reviewed	20
Third Party Agency Applications Reviewed	7
Modular In-Plant Inspections	22
Modular Field Inspections	6
Code Publication Sales	\$267,190

## SAFETY SERVICES GROUP

### MANUFACTURED HOUSING DIVISION

The Manufactured Housing Division monitors the handling of consumer complaints by the industry, under Federal Construction Standard, Title VI 24 CFR 3282. It also assist local inspection departments in the inspection of homes for proper set-up and tie down requirements. The division also acts as staff for the North Carolina Manufactured Housing Board in implementing the warranty requirements of General Statute Chapter 143 Part 9A. A condensed list of activities for the past two years (January, 1985 - December, 1986) is as follows:

1. Established regular quarterly meeting times for the North Carolina Manufactured Housing Board.
2. Set up a Hearing Officer procedure for hearing manufactured housing complaints so that the Manufactured Housing Board could operate more efficiently and cases could be handled faster.
3. Reviewed and updated licensing procedures on manufacturers, dealers, set-up contractors and salesmen and forwarded these list to the industry and to local inspection departments in order that better control over unlicensed persons and businesses could be maintained as required by the General Statutes.
4. Up graded job descriptions for inspectors in order to give better service to consumers.
5. Received 1039 complaints in 1985  
Received 1286\* complaint in 1986  
\*(December estimated)  
  
Made 1090 inspections in 1985.  
Made 1350\* inspections in 1986.  
\*(December estimated)
6. 96 Manufacturers licensed in 1985-1986  
556 Dealers licensed in 1985-1986  
93 Set-up Contractors licensed in 1985-1986  
1495 Salesmen licensed in 1985-1986  
  
96 Manufacturers licensed 1986-1987  
622 Dealers licensed 1986-1987  
193 Set-up Contractors licensed 1986-1987  
1932 Salesmen licensed 1986-1987
7. 227 Cases scheduled for hearings in 1985-1986





## SAFETY SERVICES GROUP

### CODE QUALIFICATION BOARD REQUIREMENTS

#### Board Meetings

By statute, the Board is required to hold at least four regular meetings each year and at other times as required. The Board meets quarterly on the fourth Thursday in January, April, July, and October each year.

From January 1985 to November 1986, the Board held eight regularly scheduled meetings and one special meeting which was attended by the Board members for the purpose of transacting business. Also, during this same period, twenty committee meetings were held.

#### Violations

From January 1985 to November 1986, nine written complaints were received by the Board. Six were processed by administrative action only and four were presented to the Board for preliminary investigation. Two formal hearings were initiated by the Board which resulted in one certification being refused to be granted and presently one hearing is pending.

#### Finances

The financial records of the Board are included in the Engineering and Building Codes budget within the Department of Insurance.

#### Major Activities

During 1985, an Education and Training Technician was employed to serve as staff to the Board (Ms. Sherry Cheek). This brings the Board's assigned staff within the Department of Insurance to three employees (two engineers and one technician).

The Board currently coordinates seventeen different educational training courses at thirty community colleges within North Carolina. The Education and Research Committee is presently updating and rewriting these training courses to ensure the training of code officials is uniform at all locations.

From January 1985 to November 1986, seventy certification courses were held. 1,600 code officials successfully completed these training courses. The State certification examinations are administered twice quarterly prior to the Board meetings. 827 code officials were examined during this period. Of these, 736 officials were issued Standard certificates in either Building, Electrical, Plumbing, or Mechanical inspections. Also, the Board issued 602 Probationary certificates to newly hired or promoted code officials and 210 Limited



certificates based upon employment on July 1, 1985 as specified in G. S. 143-151.13(c).

#### Certification

The Board certifies code officials as either Probationary, Limited, or Standard Certificate holders as required in G. S. 143-151.13. A Probationary certificate holder is a newly hired or promoted employee which lacks the qualifications for a standard certificate. The Probationary Certificate allows the official to perform code enforcement within the limits of the certificate for a period of two years. During this time, the official must complete the education and training program specified by the Board and the State examination for a Standard certificate. The Limited Certificate is issued to a code official holding office on the date specified in G. S. 143-151.13(c). The official must complete the Board's education and training courses within two years of the date specified. This certificate allows the official to continue holding the office once the training courses are completed. The official is not required to take the State examination for a Standard certificate. The Standard Certificate is issued to a code official who successfully completes the required education and training specified by the Board and the State examination. The Standard Certificate specifies the qualifications the code official has demonstrated and is valid at any location employed within North Carolina.

#### Examination Results

(January 1985 to November 1986)

##### January 1985:

	Total Examinations	Passed	Failed
Building	27	23	4
Electrical	22	9	13
Plumbing	23	20	3
Mechanical	19	15	4

##### April 1985:

	Total Examinations	Passed	Failed
Building	49	42	7
Electrical	26	19	7
Plumbing	37	32	5
Mechanical	30	27	3

**July 1985:**

	Total Examinations	Passed	Failed
Building	33	29	4
Electrical	20	16	4
Plumbing	9	9	0
Mechanical	17	10	7

**October 1985:**

	Total Examinations	Passed	Failed
Building	29	24	5
Electrical	12	9	3
Plumbing	11	11	0
Mechanical	21	20	1

**January 1986:**

	Total Examinations	Passed	Failed
Building	33	29	4
Electrical	21	18	3
Plumbing	33	30	3
Mechanical	10	8	2

**April 1986:**

	Total Examinations	Passed	Failed
Building	37	32	5
Electrical	25	20	5
Plumbing	25	21	4
Mechanical	31	25	6

**July 1986:**

	Total Examinations	Passed	Failed
Building	53	47	6
Electrical	21	16	5
Plumbing	23	21	2
Mechanical	23	18	5

**October 1986:**

	Total Examinations	Passed	Failed
Building	36	30	6
Electrical	16	6	10
Plumbing	31	25	6
Mechanical	24	20	4



Summation of Standard Certificate Examinations Given to Date

**Building Exams:**

Taking Approved	Passing	% Passing	Exempt	Certificates
775	601	77.5	28	629

**Mechanical Exams:**

Taking Approved	Passing	% Passing	Exempt	Certificates
373	303	81.2	42	345

**Plumbing Exams:**

Taking Approved	Passing	% Passing	Exempt	Certificates
403	331	82.1	95	426

**Electrical Exams:**

Taking Approved	Passing	% Passing	Exempt	Certificates
439	265	60.4	213	478

Total Approved 1,878

Respectively submitted by the North Carolina Code Officials Qualification Board's staff: Grover L. Sawyer, Jr., PE, Chief Certification Engineer; John R. Wiggins, PE, Certification Engineer, and Sherry J. Cheek, Education and Training Technician.

## SAFETY SERVICES GROUP

### RISK MANAGEMENT DIVISION

The Risk Management Division of the N.C. Department of Insurance was authorized by the 1985 Legislature to begin operations in April, 1986.

The purpose of the Division is to assist local governments with their insurance programs including market availability and affordability. The Risk Management Division is also assigned to provide administrative services and risk management services to the Public Officers and Employees Liability Insurance Commission, and such other duties as the N.C. Commissioner of Insurance shall delegate. The Risk Management position was filled in July, 1985 and the Division was moved to the Safety Services Group. A secretary was hired in January, 1986 and an Assistant Risk Manager in May, 1986; they have been hired, trained and programs developed and implemented to survey insurance programs of local governments on a schedule initially of 1 survey each week. Approximately 12 surveys have now been completed.

The Public Officers and Employees Liability Insurance Commission authorized by Article 2B of Chapter 58 was moved to the Department of Insurance by the 1985 Legislature. A new commission has been formed, meetings regularly held have been very productive and insurance arranged through bids and commission action which provides \$1,000,000 insurance for approximately 20,000 State Employees for professional liability exposures above the \$100,000 covered in the Defense of State Employees Act described in Article 31A of Chapter 143. The Commission now believes they have obtained the best coverage at the best price now available in the market.

The Commission has arranged a second policy providing \$1,000,000 professional liability insurance coverage for city and county law enforcement employees, and public officials and other employees. There are 497 cities and counties insured. The Commission is advised and believes this insurance program is the best program both from a coverage and cost basis available in the entire country. In fact, many local governments in other states cannot buy this coverage and must self-insure or go "bare".

These programs are ongoing with the bidding process recurring as policies expire, coverages needed and those which are available change and as new needs arise. Examples are: The company insuring the Professional Liability Insurance for boards of the state library system would not renew coverage so insurance was made available to the Regional Libraries through the Commission. The boards administering the Job Training Partnership Act could not buy coverage until insurance was arranged by the Commission.



The 1986 Legislature extended the authority of the Commission to cover all state agencies, cities and counties and other local government entities and their employees. Additional requests for coverage continue to come in to be insured.

The need for expansion of the responsibilities of the Risk Management Division, the Risk Manager and the Commission become more evident as limitations in affordability and availability surface when present policies expire and renewals are sought. There is almost no affordable coverage for pollution liability for land fills from insurance companies, and the market for umbrella liability coverage is of little value because of new exclusions and higher premiums.

## SAFETY SERVICES GROUP

### STATE PROPERTY FIRE INSURANCE FUND DIVISION

The purpose and function of the Fund is to protect State owned buildings, the property and life therein, and to provide insurance for the various State agencies.

The Commissioner's statutory authority is Article 21, Chapter 58, General Statutes Section 58-189 through 58-194.2.

The major activities included:

1. Review and approval of plans and specifications for construction and renovation of all state owned buildings.
2. Annual inspection of all State owned buildings to insure maintenance of safety for life and property.
3. Secure insurance for State agencies for various needs.
4. Management of the Fund which includes property revaluation and loss adjustment.

### HISTORY

The fund was created in 1945 as an effort of the State to become a self-insurer, and the plans approval and annual building inspection were included toward the concept of risk management.

Source of operating revenue was for the first years an annual legislative appropriation, and then interest income started which peaked the fund at \$13 million in 1983. At present the revenue derives solely from invested funds and some premiums. Until 1983, expenses were loss payments, operating expenses, and reinsurance premiums; however, since that year, GS 58-191.4 which transfers \$1,450,000 each year to local fire departments has caused a steady decline, and the Fund balance is now \$11.5 million.

The Fund covers all State owned buildings and all State owned contents for fire and \$100,000 deductible extended coverage, and at present, the State owns over 10,000 buildings at a value of \$4.25 billion. General fund agencies pay nothing for the fire and \$100,000 deductible extended coverage. Special fund agencies and special operating fund buildings are billed for fire and extended coverage with the fire at 50% manual rate. Other insurance such as auto, honesty bond, sprinkler, flood, excess liability, boiler, inland marine, etc., is placed through the "Agent of Record" (N.C. Association of Insurance Agents), and all agencies are billed for these type coverages.



The Fund reinsures all buildings and contents over \$1,100,000 for fire with a deductible of \$750,000, and buildings for extended coverage with a \$100,000 deductible and \$500,000 per occurrence. The Fund pays the premium for this reinsurance, which totaled \$900,000 for 1986. Reinsurance serves to transfer a portion of the risk from the Fund.

#### FUNCTION

Approval of plans and specifications is performed by an Architect and two Engineers, consulting with design Engineers and Architects, and the agencies, and using as guides the N.C. Building code, NFPA codes, other requirements for insurance purposes, and institutional inspections. Plans for Community Colleges are also reviewed as a courtesy.

Since January 1, 1985, approximately 1,820 plans have been reviewed, alterations usually asked for, and approved, which constitutes the primary loss control system for North Carolina's buildings.

Annual inspection of State owned buildings is the responsibility of three Fire Safety Inspectors who have backgrounds in codes for fire protection and construction. Reports are made to agency management so deficiencies can be corrected. The Fund professional staff can aid in correction advice, and this is a valuable part of the loss control system for over 10,000 buildings.

A Fire Protection Engineer, who reviews the plans for the emergency electrical systems and other protection systems, also monitors the systems during construction and performs a final inspection before the building is accepted for insurance.

All Fund professionals also consult periodically with agencies as problems arise concerning fire protection such as water distribution, alarm systems, or new building interior arrangements due to changed occupancies, etc.

These items occur on a daily basis, and although they are usually documented with memos, letters, sketches, etc., no numbers of occurrences are logged.

The insurance section is staffed by an Engineer, a clerk, and a secretary. Building values are updated annually for construction inflation, and losses have been paid on replacement cost rather than actual cash value since 1985. For various insurance needs, risks are identified in consultation with agencies, measured, and decisions as to optimal coverage. Risks are rated and premium notices sent to the proper agency. Losses are investigated, adjusted, and presented to the Council of State for approval.

Receipt and disbursement of funds is handled by the accounting section of the Insurance Department.

Losses are monitored to determine abnormal trends, and in case of an abnormal trend, causes are searched for as guide to end the trend.

Since January 1985, 214 claims for fire (includes lightning), 27 for theft, and 22 for extended coverage have been paid from the Fund. An abnormal trend in lightning loss has been noticed in past months, and a project is under way to attempt to identify and rectify the problems, if possible.

The Fund is directed by a Deputy Commissioner who is an Engineer with background in Codes, Construction and Insurance.

Determining the number of lives or amount of property saved by this Division would be impossible; however, it's safe to say there has been a significant impact.





## FIRE AND RESCUE SERVICES DIVISION





## FIRE AND RESCUE SERVICES DIVISION

### History

Prior to 1955, there were approximately 250 fire departments in our State and the only organized training was the North Carolina Fire College conducted by the late Sherwood Brockwell, who was Chief Engineer for the North Carolina Department of Insurance. Mr. Brockwell was often referred to as the "State Fire Marshall" since his two main responsibilities were to administer the North Carolina Building Code and the North Carolina Firemen's Relief Fund.

We must note here that since 1907, practically every Statute which has been passed by the North Carolina General Assembly dealing with fire safety, has involved the Department of Insurance.

In 1955, the late Commissioner Charles Gold, began to recognize the growth and need for a planned program for the fire service. He hired one person, Mr. Sherman Pickard, with the primary function of administering the Firemen's Relief Fund and developing a training program for the fire service. On September 15, 1958, Elwood Inscoe was added to that staff and we immediately began to recognize the limitations of two people because the demand for training and related services far exceeded the time and resources available.

In 1958, the Department of Insurance Fire Service Training staff requested from the late Mr. Wade Martin, that the Technical Institutes allow us to train a select group of part-time instructors to teach on a local level and local Technical Institutes pay those instructors for their services. This was approved and for several years, the Department of Insurance was the "training agency" for the "certified" part-time instructors for the Department of Community Colleges.

In 1962, upon request by the North Carolina association of Rescue Squads, the Insurance Department was authorized by Commissioner Gold to develop a training program for rescue squads of which, there were approximately forty-three.

In January 1972, the Fire and Rescue Services Division was established as a separate division. This division was then made up of the Deputy Commissioner, seven staff instructors and one secretary. No reorganization delegating job duties or areas of responsibility had been approved up until that time.

In 1973, because of insurance premiums being collected based upon fire protection provided within designated geographical areas within counties a new section was added to this division with the designated responsibility of assisting local agencies in identifying and establishing rated districts throughout our State for insurance rating purposes.



In 1978, in an attempt to reduce our State's fire and life loss, an additional program was instituted. A specialist was added to develop a prevention program and public fire education.

On February 1, 1984, a new Deputy Commissioner was appointed. In conjunction with this change the division was reorganized with specific areas of responsibility assigned to designated individuals and a program of full computerized automation of all programs and upgrading of procedures were implemented.

In January 1985, newly elected Insurance Commissioner, Jim Long, relating the importance of this division to the safety and welfare of our State's citizens, gave full support to staff expansion and increase involvement into specific areas to increase the services of this division.

The following pages reflect the effort and accomplishments from January 1, 1985 to the present. The attitude of our entire staff is that of dedication and loyalty to the Fire and Rescue Services and to the citizens of this State which is far in excess of what anyone could expect.

#### OPERATION AND ADMINISTRATION

The Fire and Rescue Services Division, by the nature of its assigned duties, both administratively and in field operations, is a para-military organization. For transition from in-house to large-scale field operations in the event of State Emergency Response Team activation and to effect the vital management control, the division is divided into the following basic management components:

1. Administrative-This section consists of the Deputy Commissioner in charge of the overall administrative operations; Administrative Assistant, responsible for management and utilization of all support resources; Director of Field Operations, to manage and coordinate all field delivery programs and Director of Governmental Services, responsible for interface with local government.

Administration controls all budget planning and setting goals and objectives as they apply to the overall function of this division. During State Emergency Response Team operations, this section assumes all responsibility in the area of strategy, planning and coordination of fire and rescue resources and maintaining support from other state agencies.

2. Field Operation-Two Field Services Supervisors, ten Fire/Rescue Training Specialists and one Fire Education Specialist are responsible for the delivery of all field programs. In addition,



this section develops new programs and procedures, conducts all requested research, and functions as control element in SERT operations.

Field delivery is scheduled on a quarterly basis in areas where this division has been requested to provide services. Fire prevention and education programs are conducted at special seminars, requesting agencies and local school districts. Research conducted by this section is designed to keep all operational procedures updated and address specific areas of concern requested by state and local agencies.

3. Governmental Services-One Director and one Field Specialist are responsible for initial inspection and certification of all new fire departments. This certification qualifies inspected fire departments for insurance rating and all federal and state benefits.

Fire and Rescue Service organizations are assisted by this section in the specification and purchase of equipment, the procurement of FMHA loans, the development of geographical fire districts, assistance in establishing new fire departments and rescue squads with by-laws, etc.

4. Support- Support consists of one Administrative Assistant, one Relief Fund Secretary, one Training Secretary and one Secretary/Receptionist. This section is responsible for the overall back-up of all division activities; accountability, credibility, and reporting of all of the division's budget and disbursement of all N.C. Firemen's Relief Fund monies.

Support coordinates registration, planning, and implementation of all Special Schools; backs up all field operations with logistical information; generates appropriate correspondence, reports and instruction material; responsible for staff call-up and equipment requests during SERT operations.

#### 1985-1986

#### NORTH CAROLINA FIREMEN'S RELIEF FUND

In calendar years 1985-1986, this division disbursed \$2,246,969.56 to 1,391 Fire Districts to be used in local Relief Funds. As a result of an operational audit conducted by the Office of the State Auditor, division requests for guidelines and new procedures, the following actions have been taken:

Automation-The Relief Fund became automated in 1984. This involved transferring the 1984 records that had been manually kept in five ledger books and individual financial statements for all participating fire districts in North Carolina; approximately 1,391



records. The automation of the Relief Fund was the first step of this division's total office automation.

This office and the North Carolina State Firemen's Association purchased identical computers to enable us to keep better and more accurate records of this fund; as both offices deal with certain areas of qualifications of the Relief Fund. Through the automation, each office now has a better understanding of what each office is doing and when it is being done. The working relationship has strengthened.

Year of Change-1985 was the year of change for the Relief Fund. The General Assembly revised some laws that pertained to the fund. These changes have greatly assisted this office and the North Carolina State Firemen's Association.

Major changes include the deletion of the 15-month extended period for the receipt of a fire-department's financial statement. Before, a fire department could submit their financial statement at any time during that 15-month period, thus keeping each unqualified account open as pending until September the following year or until a financial statement was received. Therefore; this office would have books open and work with three years of records concurrent. Our books are now closed at the end of each fiscal year.

All membership and financial statement must now be returned to the North Carolina State Firemen's Association on or before October 31, which coincides with this office's deadline.

Before 1985, the Firemen's Association was given 5% of the total relief fund monies collected for general purposes. The General Assembly changed the law to read the Firemen's Association retains 3% for general purposes and the Department of Insurance retain 2% for administrative cost.

The new laws also expanded the use of this fund for all actuarially sound accounts. The Relief Fund money can now be used for educational purposes, supplemental retirement, additional workman's compensation insurance and to purchase other insurance and pension protection. Before, the fund could only be used to aid any fireman and/or their family, that had been injured or killed during the line of duty.

The first year this office and the State Firemen's Association worked with the computer system as the various reports were filed per each office was in 1985. After the time each office had received their respective reports and the October 31 deadline had passed, each office forwarded reports, i.e. membership, qualifications to each other. At that time this office could put the total qualifications together and know which fire districts would be eligible to receive their Relief Fund monies.

Totaling the Relief Fund Tax- In years past, the Administration Department would accumulate the Relief Fund monies collected per each fire district from each insurance company in North Carolina. Once the Department of Administration had completed the data entry, they would forward to the Department of Insurance a report that totaled the monies collected per fire district and the 1/2 of 1 percent breakdown. At the time this office received that report, the 1/2 of 1 percent monies per fire district would be entered into the ledgers, and /or the computer.

In 1986 the Department of Administration notified the Insurance Department that they could no longer provide this data entry and reports as in the past. Therefore; new software was written at that time to enable the Relief Fund computer to calculate all the monies collected by individual insurance companies, break the percent down per five districts and to give a total balance upon completion of the data entry.





111-1111

For the purpose of this  
document, the following  
information is provided  
to the public.  
The information is  
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at the time of the  
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to the public.  
The information is  
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at the time of the  
document.

## NC FIRE COMMISSION

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For the purpose of this  
document, the following  
information is provided  
to the public.

111-1111  
Richard L. Leno  
Robert Griffin  
Ray Robinson  
J. B. Maxwell  
Bryan Law  
Mike Hill  
Wilburn Spill  
Bobby Wiley  
Ken Foyner  
Dr. Tom Griggs  
Tim Bradley

Early on in our program we have had a high level of  
department in the state, approximately 1000, regarding  
certification. Over 900 fire departments responded to the





## NORTH CAROLINA FIRE COMMISSION

### Introduction

The North Carolina Fire Commission was moved in 1985 from the Department of Crime Control and Public Safety to the Department of Insurance. I am proud of the progress we have made on our programs, and many people are to be commended for their hard work. To the individuals who served on our committees, the firefighters across the state who have offered comments, and the Fire Commission itself, a salute for a job well done in 1985-86.

### Commissioner Members

Dave Cauble, Chairman  
Bobby Joyner, Vice Chairman  
Willard Herring  
Richard Trexler  
Rupert Little  
Rick Hall  
Cloyce Anders  
Ted Woodruff  
H.T. Taylor  
Wiley Wooten  
Carroll Hemphill  
David L. Cope

The Report on different programs is as follows:

### Certification

To meet the statutes concerning certification of all levels of fire service personnel, a certification committee was formed. Members of that committee are:

Rick Hall, Chairman  
Richard Sauer  
Robert Griffin  
Hal Atkinson  
J.E. Hawkins  
Bryan Lane  
Mike Hill  
Wilburn Small  
Phil Riley  
Ken Farmer  
Dr. Tom Griggs  
Tim Bradley

Early on in our program we sent out a questionnaire to every fire department in the state, approximately 1300, regarding certification. Over 780 fire departments responded to it. The



results of that questionnaire were very positive, and formed the basis from which the committee worked to develop the standards. The committee now has the first draft of the North Carolina Firefighter Standards complete, and will be taking it out to the Fire Service of North Carolina for comments before continuing its work. The results of the questionnaire, as well as the first draft of the standard are on file at the Commission office if questions regarding them arise.

Other levels of Fire Service Certification will be undertaken when firefighter certification is complete.

### Incident Reporting

The concept of Incident Reporting is not new to the Fire Service of North Carolina. The need for this data at the local, county, state, and national level is obvious. As Sir Arthur Conan Doyle once said, "It is a capital mistake to theorize before one has data." It is the Fire Commission's desire to develop a Fire Incident Report Form that will be acceptable statewide and give us the data we need for things such as codes, budget, planning, research, etc. The Incident Reporting Committee now has a draft of the form complete, and is field testing it in five North Carolina counties. After this field test is complete they will be taking it to the fire service for additional comments. It is our hope that we can involve every fire department in North Carolina in this reporting system. We hope to computerize this system at the local and state level, and from that we perceive the foundation of a fire information network. Members of the Incident Reporting Committee are:

Ned Perry, Chairman  
Tim Bradley  
Jerry Grimes  
Ken Farmer  
James Munns  
Don Heard

### Resource Library

Our resource library has been updated this year with the purchase of approximately 35 new films and videos. Hundreds of films/videos were mailed out last year to departments across the state and we will continue this service to you. Resource list will be mailed to all fire departments across the state in the near future. For a temporary listing contact the Commission office.

### Statewide Mutual Aid

Concern had been expressed to the Fire Commission involving statewide Mutual Aid. A committee was appointed as follows:

Carroll Hemphill, Chairman  
Richard Trexler  
Bobby Joyner  
Phil Riley  
Tim Bradley

After some research was done it was found that the state could not sign a Mutual Aid Agreement with counties. It was suggested that mutual aid agreements be signed between departments in a county, and between adjoining counties. Example agreements were sent out to counties across the state. The Mutual Aid Committee then began accumulating resource information to assist the State Emergency Response Team in emergency operations. The Fire Commission now has a comprehensive listing of resource information, contacts, radio frequencies, staging area locations, etc. for 92 of the 100 counties in the state. A statewide Mutual Aid Frequency was also established (154.280 MHZ).

Suggested Guidelines for Issuance of License for North Carolina State Fire Mutual Aid Frequency 154.280 mhz

Whereas to serve the best interest of the North Carolina Fire Service for mutual aid response communication between state, county and city fire communication centers, departments and units; the following guidelines are recommended:

1. A county should request in writing to be licensed on statewide fire frequency, 154.280 mhz. in accordance with present Federal Communication Commission procedures.
2. Only one (1) base station per county should be licensed for statewide fire frequency.
3. Base station power output should not exceed two hundred watts and should not have "private line" systems to lock-out reception of units of other counties.
4. Fire departments should have authorization from their county to receive permission for use of the statewide fire frequency.
5. The statewide fire frequency should be allocated only to official fire department vehicles and is not intended for use in personal two-way radios.
6. Any county or city fire department should have a primary radio frequency for their use and should not use the statewide fire frequency, 154.280 mhz. for applications other than mutual aid between fire departments and fire agencies.



7. Any and all paging systems for counties, cities, or departments thereof should not be used on the statewide fire frequency.

#### Public Fire Education Committee

The Fire Commission serves in a parent role to the Public Fire Education Committee. The Commission realizes the importance of this committee to the reduction in loss of life and property within our state. We encourage participation in this area and feel its importance ranks at the top of the Fire Service.

#### Fire Service Code Advisory Council

The Fire Commission serves in a supporting role of this council. Its work is critical to the fire prevention work of our state through codes, and we look forward to the work it will accomplish.

#### National Programs, Academy

The programs of the National Fire Academy, FEMA, and the United States Fire Administration are funneled through the Commission office. Work done by the Department of Community Colleges in this area must be noted, and their service and accomplishments applauded.

#### General

The Fire Commission serves indirectly with many other Fire Service activities, and accomplishes many other smaller but informative activities. Some of these are: the Fire Service Directory, Activity Calendar, Computerization Assistance, Information Center, State Emergency Response Team, Legislative Issues, etc.

INVESTIGATIONS DIVISION





## INVESTIGATIONS DIVISION

The Investigations Division has seen a marked increase in the amount of restitution awarded by the judges in North Carolina. In the past two years, the investigations division has grown into a highly visible state agency. This public versatility is the direct result of challenging situations developing in North Carolina, situations dealing with interstate fraud, embezzlement, and white collar crimes. As the public becomes more aware of the investigation's commitment and duties, the investigations case load has increased greatly. As a result of the steadily increasing case load, the agency's structure was refined for maximum efficiency.

The Investigations Division was divided into four units: Financial Operations, Intake Administrative Operations, Fraud, and Consumer Fraud. We have developed and implemented a more formalized intake procedure to expedite the investigation process and eliminate small case referrals.

The Investigations Division hopes these changes will allow the staff the opportunity to better exercise their expertise and professionalism in helping the citizens of North Carolina.

In addition, Investigations has developed a data file of each county and the amount of restitution awarded which clearly gives the Commissioner and his staff a greater grasp of the financial rewards to the citizenry. Through the use of the county profiles we are better equipped in providing individuals or groups within these counties the actual type of assistance provided during each month.

During the year, we have attended many workshops and seminars across the state and nation on various concerns; many of which will have direct impact on the communities across the state.

The Investigation Division's overall value to the State is evident in the fact that it is able to respond quickly to concerns brought by citizens and insurance officials to the Department's attention. Secondly, it saves expensive litigation costs for both individuals who have complaints and insurance industries who must defend these complaints by being able to reach speedy agreements in some of the criminal cases.



	Year Ending 1985	Year Ending September 1986
Embezzlement	343	192
Admin. Ins. Investigations	48	27
Fraud	48	36
TOTAL	<u>439</u>	<u>255</u>
1984 Carry over	124	---
1985 Carry over	---	68
TOTAL	<u>563</u>	<u>323</u>
Cases Handled Administratively	248	27
Assigned Cases Pending	146	162
Assigned Cases Completed	169	134
TOTAL	<u>563</u>	<u>323</u>
Arrest	82	63
Court Convictions	29	39
Acquittal	1	---
Cases Pending in Court	52	24
TOTAL	<u>82</u>	<u>63</u>
Bills of Indictments	237	136
Warrants	349	126
Restitution	***	\$552,335.43

\*\*\* This figure not kept in 1985

## SPECIAL SERVICES DIVISION

Effective January 1, 1985, the Special Services Division will be reorganized to provide legal services for the State of New Jersey. The Division will be responsible for the following:

### C. Legal Services

Effective January 1, 1985, the Special Services Division will be reorganized to provide legal services for the State of New Jersey. The Division will be responsible for the following:

- 1. Legal services for the State of New Jersey.
- 2. Legal services for the State of New Jersey.
- 3. Legal services for the State of New Jersey.
- 4. Legal services for the State of New Jersey.
- 5. Legal services for the State of New Jersey.
- 6. Legal services for the State of New Jersey.
- 7. Legal services for the State of New Jersey.
- 8. Legal services for the State of New Jersey.
- 9. Legal services for the State of New Jersey.
- 10. Legal services for the State of New Jersey.





## SPECIAL SERVICES DIVISION

### I. PURPOSE:

The duties and responsibilities of the Special Services Division are to protect the general public of North Carolina in its relationship to licensing and regulating the Insurance Premium Finance Companies, Professional Bail Bondsmen and Runners, Collection Agencies and Motor Clubs.

### II. LEGISLATION AND RULINGS EFFECTING THESE INDUSTRIES:

#### A. Insurance Premium Finance Companies:

Effective October, 1985 - 1985 General Assembly.

Session: Senate Bill 738 amended N.C.G.S. 58-61.

Summary: Any person operating a premium finance business without first obtaining a license; entering false information on an insurance premium finance agreement, shall be guilty of a misdemeanor and upon conviction shall pay a fine of not less than \$1,000.00 nor more than \$5,000.00 or be imprisoned, or both at the discretion of the court.

#### B. Professional Bail Bondsmen & Runners:

Effective February, 1985 as the result of a Public Hearing, the Department is no longer honoring real estate as professional bail bond security. All provisions of the 11 NCAC 13.0509 should be disregarded.

Special Note: Beginning January 1, 1985, the Division's records indicated a current balance of \$4,896.626.06 of professional bail bond security. Effective December 31, 1985, the current balance was \$4,749,767.28.

Effective November 27, 1985, the Department entered into a custody agreement with United Carolina Bank under the authority of General Statute 58-7.5 to safeguard the securities which are required by law to be deposited with Commissioner. Effective December 4, 1985, the Division transferred all securities held by it to the bank custodian.

#### C. Motor Clubs

Effective July 10, 1985 - 1985 Session of the General Assembly ratified Senate Bill 738, Section 81 to amend G.S. 66-49.9(6) by deleting "not to exceed three hundred dollars (\$300.00)". Summary: This is in reference to legal service provided for motor club members and attorney fees which used to be limited to \$300.00. This law is effective January, 1986.



Effective July 5, 1985, 1985 Session of the General Assembly ratified House Bill 1258, Chapter 623 to become effective October 1, 1985. The act permits qualified surety companies to guarantee arrest bond certificates offered by automobile clubs and associations which are governed by Article 9B of N.C.G.S. 66. The act also requires the courts in North Carolina to accept the guaranteed arrest bond certificates in lieu of cash bail or other bond in an amount not to exceed five hundred dollars (\$500.00) as a bail bond where a person is arrested for violation of motor vehicle laws other than felonies or an impaired driving offense.

D. Collection Agencies: (No new legislation or ruling.)

### III. INVESTIGATION PRECEDENT

On September 24, 1985, in the Superior Court of Hertford County, James Phelps and Barbara Phelps, owners of Carolina Adjustment Bureau, Inc., a North Carolina collection agency, were sentenced as a result of an investigation conducted by the North Carolina Department of Insurance which enabled the grand jury to bring forth sixteen (16) counts of embezzlement against the two parties. Barbara Phelps was sentenced to three years suspended sentence for five years; five years probation; no cost; no fine; restitution, pay back one third of all funds owed to creditors; ten days active in women's jail; never operate a collection agency again; and all records of Carolina Adjustment Bureau, Inc. shall be turned over to the North Carolina Department of Insurance. James Phelps was sentenced to five years suspended sentence for five years; five years probation; no fine; no cost; restitution, pay back two thirds of all funds owed to creditors; never operate a collection agency again; and two years active sentence.

This is the first time an active sentence has ever been given to the permit holder of a licensed North Carolina Collection Agency due to violations of provisions of North Carolina General Statute 66, Article 9C.

### IV. STATISTICS PERTAINING TO APPLICATIONS, LICENSING, INVESTIGATIONS

#### APPLICATIONS AND LICENSES

##### LICENSES

##### APPLICATIONS RECEIVED

PROFESSIONAL BAIL BONDSMEN	11	19*
BAIL BOND RUNNERS	79	75
COLLECTION AGENCIES	23	17
PREMIUM FINANCE COMPANIES	34	28
MOTOR CLUBS	7	6
TOTALS	139	117

#### ASSIGNMENTS/INVESTIGATIONS

ANNUAL TOTAL NUMBER OF ASSIGNMENTS/ INVESTIGATIONS ISSUED TO INVESTIGATORS	402
ANNUAL TOTAL NUMBER OF ASSIGNMENTS/ INVESTIGATIONS COMPLETED BY INVESTIGATORS	308

#### CASES PENDING IN ADMINISTRATIVE LAW DIVISION

CASES PENDING RELATED TO PROFESSIONAL BAIL BONDSMEN MORTGAGE PROPERTY AND SECURITY	5
CASES PENDING FOR A HEARING DATE TO SUSPEND/REVOKE LICENSE	8

#### TOTAL NUMBER OF COMPANIES AND INDIVIDUALS LICENSED AND OPERATING AS OF DECEMBER 31, 1985

PROFESSIONAL BAIL BONDSMEN	166
BAIL BOND RUNNERS	238
COLLECTION AGENCIES	141
PREMIUM FINANCE COMPANIES	150
MOTOR CLUBS	87

\* (8) Eight Licenses Resulted From Applications Pending and  
Overlapping from 1984.

#### V. ASSOCIATIONS & SEMINARS & TRAINING

In the past twelve months, the Division has been very successful in having representation to attend different law enforcement associations, conferences, and seminars. Also,



the Division has established upon request, proper representation to attend and participate in seminars conducted by the Association of Assistant and Deputy Clerks of Court, The Greater Raleigh Credit Association, The North Carolina Collection Association, Inc. and the North Carolina Association of Premium Service Companies.

On September 11 and 12, the Division Investigators held a joint in-service training session in Henderson at the Henderson Police Department Firing Range. In conjunction with qualifying on the firing range, a workshop was conducted on fraud investigations and report writing.

The complete office staff in Raleigh including the Deputy Commissioner and the Chief Examiner have completed the 12 hour class, "Introduction to Office Automation, An Overview of the CEO System."

The Chief Examiner completed 32 hours in the Interaction Management Supervisory Training Classes.

#### VIII. PRODUCTIVITY:

Because of the nature of the industries which we are held responsible and since they are non-related in every respect, the challenge has always been to strive to educate and equip the staff and field personnel with the knowledge and expertise necessary to overlap from one industry to another. With the new personnel and with the new CEO Equipment, this Division will continue to set new goals for higher productivity, efficiency, time management, and a complete professional approach to serving the people of North Carolina.

## OFFICE OF MINORITY ASSISTANCE





## OFFICE OF MINORITY ASSISTANCE

While the North Carolina Department of Insurance's services and personnel are readily available, it was recognized that for a variety of historical, traditional and cultural reasons, many individuals within minority communities have not found these services readily available or have not availed themselves to such services as other individuals have. The Department sensed a need to provide a more positive leadership role in offering services to these citizens. Special effort was required to ensure that minorities, women and the economically disadvantaged share in the progress that is sought for by all citizens. Therefore, to carryout its statutory responsibilities, the Department sought to provide workable methods to insure equal opportunity to all, without regard to age, race, color religion, sex or ethnic background in rendering services to North Carolina's citizens.

Commissioner Long felt that one of the greatest contributions the Department could make to minorities, women, and economically disadvantaged persons, businesses and professionals in North Carolina is to work to assure them an environment and equal access to the means for further development without regards to ethnic background, age, race, sex, religion, or color. Believing strongly that no individual or enterprise should be limited in their opportunity to seek (further) professional or economic growth, Commissioner Long directed that an Office of Minority Assistance be (OMA) be set up within the Department of Insurance, January, 1986.

The primary function of OMA is to provide direct communication and assistance to interested minorities, women, and economically disadvantaged persons, professionals and businesses. OMA serves as a "clearinghouse" or single entry point for minorities, women, and economically disadvantaged persons seeking information, technical assistance or business opportunities in areas regulated by the Department or with the itself. OMA works to identify barriers which prohibit minority business growth and professional development. OMA actively seeks to identify resources within the Department or within any of the businesses it regulates, which might be able to assist minorities and businesses in further development of their businesses or professional growth.

During the past years the Office has provided the following services:

1. Training and Leadership Development

Training and leadership development for minorities, women, and the economically disadvantaged is one of the most essential objectives of OMA by providing leadership



develop and training which focuses on increasing professionalism, workshops and seminars and by providing consultative and technical services to encourage them to prepare themselves to their fullest extent of their ability for opportunities of full participation in meaningful endeavors. Developed and wrote four proposals for funding of small businesses.

2. Public Relations

A news release was mailed to 100 media sources during February, 1986. Two thousand copies of the OMA brochures were mailed to some 300 churches, civic organizations and clubs, human relations councils and state agencies in an attempt to make minorities, women, and the economically disadvantaged and the general public aware of the Department's efforts to ensure that all citizens share in the progress that is sought for by all citizens. Presentations were made to groups in an effort to identify concerns and to educate the public about the programs of the Department.

3. Resource Networks and Coalitions

OMA has answered between 75 and 100 citizens' inquiries and persons who request assistance, making appropriate referrals. On-site visits were made to some 25 to 30 individuals and groups.

4. Research

Continued research is done to assist the Department of Insurance in the performance of their statutory responsibilities to the citizens of North Carolina. In an attempt to identify barriers that exclude minorities, women and the economically disadvantaged from becoming viable business entrepreneurs and professionals, we found that the most common problems include bonding, writing of insurance by minorities for large insurance companies in the areas of Property and Casualty. Also the question of availability and affordability was identified on a frequent basis.

The purpose of the  
work is to provide  
information on the  
history of the  
county and the  
people who have  
lived there. The  
information is  
presented in a  
series of chapters  
which cover the  
history of the  
county from the  
early days to the  
present.

The book is  
written in a  
clear and  
concise style  
and is  
suitable for  
use in the  
classroom.  
It is  
also  
suitable for  
general  
reading.

# S.H.I.I.P.

The book is  
written in a  
clear and  
concise style  
and is  
suitable for  
use in the  
classroom.  
It is  
also  
suitable for  
general  
reading.

In September 1946  
training in Raleigh  
County was held  
at the  
County area. The  
October 15, 1946  
Department of Insurance  
classroom instruction  
of the

November 4, 1946  
training course. The  
volunteers from  
Retirement Community  
is scheduled for  
December 11, 1946.

Eight comprehensive lessons were developed by  
use in the training course. They included:  
1. Background of





## S.H.I.I.P.

The Seniors Health Insurance Information Program (S.H.I.I.P.) was established within the North Carolina Department of Insurance in June of 1986. The purpose of the program is to assist senior citizens in the State in understanding of health insurance programs and policies available to them. This is an area of considerable concern to our older citizens. Because of its technical nature, it requires resources which may not be readily available to most individual citizens. The North Carolina Insurance Department's trained personnel are well suited to provide the technical information. However, the size of the potential client population is so great that it would be impossible to provide staffing to meet the educational and assistance needs of hundreds of thousands of older persons.

The Department serves as a focal point for an effort to make this information available to the citizens by recruiting and training interested, intelligent senior volunteers to serve as counselors and administrators of the program. A volunteer can be taught the necessary information needed to provide effective counseling to citizens who are unaware of the gaps in coverage provided by Medicare. The Department of Insurance anticipates the establishment of a statewide network which will be built over a considerable period of time.

The initial Department involvement was the assignment of two full time staff in June 1986. One being the Program Director who organizes and runs the S.H.I.I.P. program. The second staff member being Program Coordinator who assists the Program Director and is responsible for the development of the materials and the organization of the classes for the actual training. Offices were established in the Dobbs Building.

On September 16, 1986 the S.H.I.I.P. Program began volunteer training in Raleigh. The training course, which was held in the Dobbs Building, was composed of twenty-two volunteers from the Wake County area. The volunteers completed the training course on October 16, 1986. Insurance Specialists from the North Carolina Department of Insurance's Consumer Division assisted in the classroom instruction of the courses' lessons.

November 4, 1986 marked the start of a second S.H.I.I.P. volunteer training course. This course consists of nineteen retired volunteers from Wake County and is being held at Whitaker Glen Retirement Community in Raleigh. Completion date for this course is scheduled for December 11, 1986.

Eight comprehensive lessons were developed by Department staff for use in the training course. They include:

1. Background of Medicare



2. Medicare Part A Coverage
3. Medicare Part B Coverage
4. Specialties in Medicare and Medicare Claims Processing
5. North Carolina Medicare Supplement Law
6. Medicare's Prospective Payment System
7. Medicare's Skilled Care
8. S.H.I.I.P. Counseling

Various promotional materials have been developed by the S.H.I.I.P. staff that are presently being used to inform senior citizens of the program. These materials include a 3-fold flyer S.H.I.I.P. by Commissioner Long, S.H.I.I.P. posters, and S.H.I.I.P. "scratch pad ads". In addition to these promotional materials, various senior organizations including the North Carolina Division of Aging has aided in the recruitment of volunteers by announcing the programs establishment in their monthly newsletters and bulletins. A S.H.I.I.P. telephone line has been set up within the Department of Insurance and is presently assisting senior citizens in the Wake County area with insurance questions relating to Medicare and supplemental insurance. Individual counseling by the trained volunteers began January of 1987.

COMMITTEES, COMMISSIONS & BOARDS





**BOARD OF TRUSTEES OF THE  
TEACHERS' AND STATE EMPLOYEES' COMPREHENSIVE MAJOR MEDICAL PLAN**

<u>APPOINTED BY THE GOVERNOR</u>	<u>APPOINTED BY THE LT. GOVERNOR</u>	<u>APPOINTED BY THE SPEAKER OF THE HOUSE</u>
Charles W. Stone	Lynn E. Gunn	Ben Battle
Frank Fishburne, Jr.	Edwin P. Baily	Don Tomberlin
J. Larry Peters	Dewitt Sullivan, CPA	Sam L. Beam

**LEGISLATIVE COMMITTEE ON HEALTH BENEFITS**

SENATORS

Aaron W. Plyler, Co-Chairman  
J. J. Harrington  
David R. Parnell  
Anthony E. Rand  
Marshall A. Rauch  
Kenneth C. Royall, Jr.

REPRESENTATIVES

William T. Watkins, Co-Chairman  
Bobby R. Etheridge  
John J. Hunt  
George W. Brannan  
George W. Miller, Jr.  
Dwight W. Quinn



## MEDICAL DATABASE COMMISSION

The North Carolina Database Commission is organized under G.S.131E-211 to establish a statewide health care information database and to serve as a clearing house for that information. The Department of Insurance provides clerical and other staff services to the Commission. With exception of the representative of state government at large who is appointed by the Governor, the Commission members are appointed by the General Assembly. The insurance commission and secretary of human resources serves as ex-officio members. The Commission members are as follows:

### Commission Members:

Duncan Yaggy -Chairperson  
Sandra Greene -Vice-Chairperson  
Walter Clark  
Cynthia M. Freund  
Phillip L. Martin  
James L. Muse  
Charles Rothwell  
Robert Wall  
John W. Winters

### Ex-Officio Members:

Phillip J. Kirk, Jr.  
James E. Long

### Executive Director:

Janis L. Curtis

## MARKET ASSISTANCE PROGRAM

In a February, 1986 Special Session of the General Assembly, authority was given to setup joint underwriting association, if necessary.

Chief associate officers of insurance companies, directors of associations such as IIANC; CAPIA; RIMS; Excess Surplus Lines Association and the Commissioner together formed the Market Assistance Program, which began on April 1, 1986. The program was patterned after other states and modified to suit North Carolina.

Inquiries Total To 12/31/86	2040
Applications	41
<u>Written or Quoted</u> 29	<u>In Process</u> 7
Umbrella	Ocean Pier - Flood
Fertilizer	**Housing Authority - G.L.
Special Events	**Lake - G.L.
Liquor Liability	**D & O - Group Home
Chemical - G.L. & Products	**D & O - Technical College
Lodge - D & O	Manufacturer - Cardboard Boxes
M.H. - Park Liability	Machine & Welding
Industrial - Liability	
L. P. Gas - Consultant	
L.P. Gas - Liability	
D & O - Hospital	
Fumigation - G.L.	
Day Care	
Utilities Contractor	
Machinery - Products	<u>No Viable Market</u> 4
Contractor	
Professional - Ministries	
Abortion Clinic - G.L.	Machinery - Liability
County - Full Coverage	Chemical - Products
Chemical	Water Slides - G. L.
County - G.L.	Riding Stables - G.L.
Housing Moving - Comp. Ops.	
Feed Mills - Products	
Water Utility - G.L.	
Community - Full Coverage	
Manufacturer - Paper Balers	
Scrap Metal Dealers	
Contractor	
Municipality - Full	

\*Represents five (5) Companies not Quoting.





## NC SELF-INSURANCE GUARANTY ASSOCIATION

The 1986 session of the N.C. General Assembly ratified Chapter 1013 of Senate Bill #881, 97-130 to create the "North Carolina Self-Insurance Guaranty Association."

This Association is a non-profit, unincorporated legal entity of the State of North Carolina created to provide a mechanism for the payment of covered claims under self-insurance coverage to avoid excessive delay in payment and to avoid financial loss to claimants because of insolvency of a self-insurer. This Association will assist when called upon to do so by the Commissioner of Insurance, in the detection of an insolvent company, provide for the timely payment of these claims.

The newly selected members of the Board of Directors at a meeting today February 10, selected as co-chairman Kathy Van-Nest, Insurance Manager of Duke University, Durham and Ken Mitchell, Administrator of N.C. Home Builders Association of Raleigh, N.C. Other board members are:

M.J. Lamb, Employee Benefits Manager, Carolina Telephone & Telegraph, Tarboro, N.C.

Joseph E. Burns, Manager Worker's Compensation, Aluminum Company of America, Pittsburgh, Penn.

E.J. Kaminski, Senior Vice President, Hewitt, Coleman & Associates, Raleigh, N.C.

Robert L. Barham, Manager Area Personnel Relations, CP & L, Raleigh, N.C.

Doug Schueler, Assistant Vice President, Fred S. James & Company, Columbia, S.C.

Harry W. Clarke, President, Western Carolina Industries, Inc., Asheville, N.C.

Kenneth L. Gipson, Manager, Statutory Benefits, Weyerhaeuser Company, Tacoma, Washington

Each member of the Association will be assessed based on a formula. These funds will be assessed annually until the fund reaches \$1,000,000.00. No further assessments will be made until the fund falls below the \$1,000,000.00 level because of fund maintenance payouts or payment of claims.

The fund is administered by the Board of Directors, however, the powers and duties of the Commissioner of Insurance are to:



1. Require that the Association notify the insureds of the insolvent member self-insurer and any other interested parties of the insolvency and of their rights under this Article. Such notifications shall be by mail at their last known addresses, where available; but if required information for notification is not available, notice by publication in a newspaper of general circulation in this State shall be sufficient; and
2. Revoke the designation of any servicing facility if he finds claims are being handled unsatisfactorily.

G.S. 97-137 Examination of the Association.--The Association shall be subject to examination and regulation by the Commissioner. The Board shall submit, not later than March 30th of each year, a financial report for the preceding calendar year in a form approved by the Commissioner.

# CODE OFFICIALS QUALIFICATION BOARD

The North Carolina Code Officials Qualification Board is organized under the provisions of Chapter 143, Article 9B of the North Carolina General Statutes. G. S. 143-151.19 provides that the Division of Engineering and Building Codes in the Department of Insurance shall provide clerical and other staff services required by the Board. The current Board members, respective appointments, and terms are as follows:

NAME	APPOINTED BY	CURRENT EXPIRATION
Mr. Phillip P. Green, Jr.	Inst. of Govt.	7/1/87
Mr. Stephen R. Little	Governor	7/1/87
Mr. Schuyler D. Conklin	Lt. Governor	7/1/87
Mr. Howard V. Page	Speaker	7/1/87
Mr. Ray Stepp	Governor	7/1/87
Mr. Eugene L. Presley	Speaker	7/1/88
Mr. Mike Pittman	Comm. Colleges	7/1/88
Ms. Ethel T. Clark	Governor	7/1/88
Mr. John A. Parham	Lt. Governor	7/1/88
(Vacant)	Governor	
Mr. Tai Young Lee	Lt. Governor	7/1/89
Mr. Perry Plemmons	Speaker	7/1/89
Mr. Joe Barber	Comm. of Ins.	7/1/89
Ms. Virginia Johnson	Governor	7/1/89
Mr. Howard Liner	Speaker	7/1/89



Mr. Kenneth N. Windley, Jr.	Governor	7/1/90
Dr. David Johnston, P.E.	Dean NCSU	7/1/90
Mr. W. P. "Bill" Davis	Governor	7/1/90
Mr. W. Thompson Cox, P.E.	Lt. Governor	7/1/90
Dr. Peter Rojeski, Jr. P.E.	Dean NCA&T	7/1/90

## NORTH CAROLINA MANUFACTURED HOUSING BOARD

The purpose of the North Carolina Manufactured Housing Board is to provide a comprehensive framework for regulation of all segments of the Manufactured Housing Industry.

It is specifically empowered to issue and revoke licenses, require bonds, resolve complaints, and promulgate rules as necessary to carry out these goals.

Chairman : James E. Long

<u>Members</u>	<u>Appointed By</u>	<u>Expiration Date</u>
Mack Leon Hewett	Commissioner of Insurance	1987
Leroy Clontz	Commissioner of Insurance	1987
Ralph Johnston	Governor Office	1987
Howard McGirt	Governor Office	1987
Doug Goines	Speaker	1988
Ken Johnson	Speaker	1988
Becky Dobbins	Pres. Pro-Tem Senate	
Clyde Lawson	Pres. Pro-Tem Senate	



## BUILDING CODE COUNCIL

General Statute 143-138 gives the North Carolina Building Code Council the authority to prepare, adopt and amend the North Carolina State Building Code. The Council consists of 12 members appointed by the Governor for six year terms. General Statute 143-136 requires that members of the Council must have specific expertise in areas relating to safety in the construction of the construction of buildings. General Statute 143-137 requires that the Council meet at least every six months, however, in order to keep our code current with new technology, the Council meets quarterly in March, June, September and December.

<u>NAME</u>	<u>APPOINTED BY</u>	<u>EXPIRATION OF TERM</u>
Sam Snowdon	Governor	1987
Ralph Cochran	Governor	1989
John R. Adams	Governor	1987
Ray DeBruhl (Resigned)	Governor	1987
Ron Mace	Governor	1987
Lewis M. Dibble	Governor	1990
J. Scott Harrower	Governor	1990
John R. Andrew	Governor	1991
Clifton N. Bishop	Governor	1991
Robert C. Bowness	Governor	1991
H. Kevin Stewart	Governor	1991
Edward L. Woods	Governor	1991

PUBLIC OFFICERS AND EMPLOYEES LIABILITY  
INSURANCE COMMISSION

N.C. ASSN. OF COUNTY COMMISSIONER

Mr. Wayne Hooper  
Jackson County Courthouse  
Sylva, N.C. 28779

Term Expires: 7-1-89

Telephone (704) 586-4055

N.C. LEAGUE OF MUNICIPALITIES

Mr. Harvey Mathias  
N.C. League of Municipalities  
300 W. Jones St.  
Raleigh, N.C. 27602

Term Expires: 7-1-87

Telephone (919) 833-1876  
Salisbury (704) 637-1031

N.C. SHERIFFS ASSOCIATION

Sheriff James L Sasser  
Wayne County Sheriffs Department  
PO Box 1877  
Goldsboro, N.C. 27530

Term Expires: 7-1-87

Telephone (919) 735-5555

N.C. POLICE CHIEFS AND N.C. POLICE EXECUTIVES ASSN.

Chief Raymond F. Shelton  
PO Box 1358  
Burlington, N.C. 27216

Term Expires: 7-1-89

(Appointed 1-7-87)

Telephone (919) 229-3540

INDEPENDENT INSURANCE AGENTS OF N.C.

Mr. Joseph R. Kluttz, CPCU  
Albemarle Insurance Agency, Inc.  
PO Box 370  
Albemarle, N.C. 28001

Term Expires: 7-1-89

Telephone 704) 983-1161

CAROLINA ASSN. OF PROFESSIONAL INSURANCE AGENTS

Mr. Dal Snipes  
Snipes Insurance Service  
PO Box 1165  
Dunn, N.C. 28501

Term Expires: 7-1-87

Telephone (919) 892-2121

SPEAKER OF THE HOUSE

Mr. J. Thomas Sutton, III, CPCU  
108 W. Gordon Street  
Kinston, N.C. 28501

Term Expires: 7-1-89

Telephone (919) 523-6133

LT. GOVERNORS APPOINTMENT

Mr. Charles Vance  
Vice President Investment Department  
First Citizens Bank  
PO Box 1377  
Smithfield, N.C. 27577

Term Expires: 7-1-87

Telephone (919) 934-8181



EX OFFICIO MEMBERS

ATTORNEY GENERALS OFFICE

Eddie Caldwell, Special Deputy Attorney General  
PO Box 629  
Justice Building  
Law Enforcement Liaison  
10 East Jones Street  
Raleigh, N.C. 27602

COMMISSIONER OF INSURANCE

Mr. J. B. Gibson, Chairman  
Public Officers & Employees Liability  
Insurance Commission  
PO Box 2598  
High Point, N.C. 27261

Telephone (919) 889-8282

CRIME CONTROL & PUBLIC SAFETY-SAFETY REPR.

Mr. Ray Lichtner  
Archdale Building  
Raleigh, N.C. 27611

Telephone (919) 733-2193

## ARSON AWARENESS COUNCIL

In March 1985, the North Carolina Arson Awareness Council was reorganized after being moved from the Department of Crime Control and Public Safety to the North Carolina Department of Insurance. The duties and responsibilities of this Council are as follows:

1. To discuss the arson problem in North Carolina and make recommendations for methods to significantly reduce arson in North Carolina.
2. To administer an arson reward program and to develop and support a comprehensive arson program to benefit the general public, the fire service, the law enforcement agencies, the insurance industry and the judicial system in North Carolina.

Members at the present time are:

Chairman-Jim Long  
Vice Chairman-Robert Morgan  
Co. Treasurer-John Allen  
Co. Treasurer-Marvin Wilson  
Secretary-Phil Riley  
Bob Bird

David Conklin  
Don Bonine

J.E. Hawkins  
Ken Farmer  
Marvin Williams  
Evelyn Bickley  
Ray Eastman  
John Knowles  
Willard Herring  
David Waller  
Dian Duncan  
Tim Bradley  
Angie Malletto  
Steve Bennet

-NC Department of Insurance  
-St. Bureau of Investigations  
-Nationwide Mutual Ins. Corp.  
-NC Joint Underwriting Assoc.  
-NC Department of Insurance  
-NC Association of Independent  
Insurance Agents  
-ATF, Agent in Charge  
-NC Chapter of International  
Arson Investigators  
-NC Fire Chiefs Association  
-Div. of Community Colleges  
-NC Justice Academy  
-CAPIA  
-Arson Unit-SBI  
-NC Association of Fire Marshals  
-NC Firemen's Association  
-Wake County Sheriff's Dept.  
-NC Adjusters Association  
-NC Fire Commission  
-NC Attorney General's Office  
-Ex-Officio Member/NC Ins. News  
Service



## NORTH CAROLINA FIRE COMMISSION

The North Carolina Fire Commission was transferred from the Department of Crime Control and Public Safety to the Department of Insurance October 1, 1985.

The Fire Commission is charged with developing certification standards for all levels of fire service personnel, co-ordinating all state activities in respect to involvement in activities of the Federal Emergency Management Agency and United States Fire Administration with regards to fire service programs, developing a state master plan for fire prevention and control, increasing professional skills of fire protection and fire fighting personnel, to serve as a central office for the collection and dissemination of information relative to the fire service activities of the state, to develop a statewide uniform fire incident reporting system, and to handle any federal and state grants in relationship to their duties. All state agencies involved conducting fire service related programs or activities make reports to the commission on these activities and programs.

Members of the Fire Commission include:

Dave Cauble , Chairman Nash County Fire Marshal  
Bobby Joyner, Pitt County Fire Marshal  
Willard Herring, Goldsboro Fire Chief  
Rupert Little, Catawba County Fire Marshal  
Rick Hall, Wake County Fire Marshal  
Cloyce Anders, Craven County  
Richard Trexler, Chief Colfax Fire Department  
Ted Woodruff, Alderman City of Canton  
H.T. Taylor, County Commissioner Robeson County  
Wiley Wooten, Alamance County  
Carroll Hemphill, McDowell County  
David Cope, Durham County

The following Heads of State serve as non-voting members by virtue of their offices:

The Commissioner of Insurance  
The Commissioner of Labor  
The State Auditor  
The Attorney General  
The Secretary of Crime Control and Public Safety  
The Secretary of Natural Resources and Community Development  
The President of the Department of Community Colleges

Timothy L. Bradley, Executive Director